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NEWS SUMMARY

GENERAL

Desai deputy seeks his job

Mr. Charan Singh, India's Deputy Prime Minister, resigned from the Cabinet and later claimed he could succeed outgoing Premier Morarji Desai after securing the leadership of the newly-formed Janata (S) Party.

Senior members of the Janata (S) are thought to have received assurances of support from several other parties, including the official Congress opposition led by Mr. Y. B. Chavan.

The other main contender for the leadership, Mr. Jagjivan Ram, Deputy Premier and Defence Minister, was also busy rallying support from within what was left of the ruling Janata Party. **Back Page**

President quits

Ahmed Hassan Al-Baker, the soldier President who has led Iraq since 1968, resigned and was succeeded by Saddam Hussein, Vice-Chairman of the Revolutionary Command Council.

Lebanon Cabinet

Lebanon's Prime Minister Selim Al Hoss formed a new 12-man Cabinet and said he would try anew to stabilise post-civil war Lebanon.

Sadat plea

President Anwar Sadat of Egypt is to make a personal plea for support for his peace treaty with Israel during the Organisation of African Unity's Heads of of State meeting, which opens in the Liberian capital of Monrovia today. **Page 3**

Drugs appeal

Ugandan Health Minister Arnold Bisase asked for foreign exchange to buy drugs which have run so short that doctors have stopped giving prescriptions and dentists are pulling teeth without any anaesthetic.

Boat suicides

Six Vietnamese refugees committed suicide and seven others died of hunger while crossing the South China Sea in a boat with 26 others to the Philippines.

Iran resignation

Iran's Defence Minister Taqi Riahi tendered his resignation as his chief critic in the army, military police commander General Saif Amir Rahimi, accused the Government of not taking a strong enough stand against violence in ethnic regions. **Page 3**

Anthony weak

Bone marrow boy Anthony Nolan has suffered two setbacks—failure of treatment to make his uncle a suitable donor and a severe haemorrhage—and his appeal organisers say he is very weak.

England win

England beat India by an innings and 83 runs on the fourth day of the first Cornhill Test at Edgbaston. The Indians were all out for 253 in their second innings following a first innings 297 in reply to England's 633.

Briefly . . .

Soviet Union is believed to have carried out an underground nuclear test north of the Caspian Sea.

British Airways and Iberia, the Spanish airline, are to cut fares by up to 40 per cent this winter. **Page 7**

South African police probing the disappearance of enough sodium cyanide to kill 10,000 believe it was washed into the Indian Ocean.

BUSINESS

Gold up $4¾; Equities firmer

● GOLD rose $4¾ an ounce in London on doubts over President Carter's energy measures, to close at a record $292¼.

● *EQUITIES* rose on June trade figures and the FT 30-share index closed 4.1 up at 470.7 (469.8) in spite of the later announcement of a June current account deficit.

● GILTS followed equities with gains of up to a point on some shorts and the Government Securities Index closed 0.10 up at 72.44.

● STERLING rose 1.3c to close at $2.2420, and its trade-weighted index was 71.3 (71.0). DOLLAR'S index fell to 84.3 (84.6).

● WALL STREET was up 0.69 at 834.22 before the close.

● BRITAIN gave up its claim that it should be entitled automatically to big subsidised loans from the EEC if it became a full member of the EMS as the Government decided to renew pressures for a reduction in the country's contribution to the EEC budget. **Back Page and Page 8**

● SIR KEITH JOSEPH, Industry Secretary, postponed until today his statement on regional aid to industry, following the intervention of the Prime Minister. **Page 8**

● THREE DIRECTORS of Brentnall Beard, the Lloyd's of London publicly quoted insurance broker, have been suspended from all executive duties throughout the group. **Back Page**

● BRITISH PETROLEUM was the UK's largest exporter in 1978. Among non-oil companies, BL regained its place ahead of ICI and Ford. **Page 4**

● PHILIPS of Holland announced a £34.7m offer for the 39 per cent shareholding in Pye which it does not already own. **Back Page and Lex**

● FUTURES PRICES of all base metals fell on the London Metal Exchange, dragged downwards by fears of recession in the U.S., the seasonal lack of demand from industry and the decline in lead quotations. **Page 27**

● UNIONS AT the Corby steelworks plan to put themselves on a war footing to fight the proposed British Steel Corporation closure. **Page 8**

COMPANIES

● GOODYEAR'S UK subsidiary reports a record pre-tax loss of £21.4m in 1978. **Back Page**

● RANK ORGANISATION reports pre-tax profits up from £57.36m to £64.41m in the 28 weeks ended May 12. **Page 18 and Lex**

● LRC INTERNATIONAL pushed sales pu 6 per cent from £93.2m to £98.9m in the year ended March 31. Pre-tax profits were down 11.8 per cent from £6.67m to £5.88m. **Page 18**

Carter puts $140bn plan to cut U.S. oil imports

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

President Carter, adopting a new, hard-hitting style of leadership, proposed yesterday that the windfall profits tax on the oil industry be used to finance an ambitious $140bn energy programme to reduce substantially U.S. dependence on foreign oil.

His multi-pronged package, which sets a goal of cutting oil imports by 4.5m barrels a day below what they otherwise would be by the year 1990, includes a commitment to use quotas to ensure that U.S. oil imports never again exceed their 1977 level of 8.5m b/d.

He provided the details of his programme in a rousing speech to a local government conference in Kansas City, the follow-up to his extraordinary Sunday night nationally-televised address in which he admitted past failures of leadership and invoked renewal of the old American spirit of unity to break "the crisis of confidence" now affecting the country.

Even Mr. Carter's strongest critics conceded yesterday that he had perhaps given the most effective address of his Presidency. But it was generally agreed that if he failed to follow through with consistent advocacy of specific policies, such benefits as he may have gained on Sunday night would be quickly dissipated and his Presidency and political future in as much trouble as before.

The package that he unveiled in Kansas City consists essentially of an amalgam of the new and the old, plus some items already before the legislature.

What he did not propose was either a lifting of current controls over domestic energy prices or an acceleration of the

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Carter talks tough, Page 16
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policy of phasing out such curbs over a protracted period.

The major points of the programme are as follows:

Creation of an energy security corporation to direct development of 2.5m barrels a day of oil substitutes (that is synthetics) from coal liquids and gases, oil shale, biomass and unconventional gas by 1990. Biomass is such things as vegetable sugar, alcohol and woodchips.

Establishment of an energy mobilisation Board empowered to cut through bureaucratic red tape to expedite construction of critical energy facilities.

New incentives including lifting of price controls in some minor sectors, for development of heavy oil, unconventional gas and shale.

Requiring utilities to cut present oil consumption by 50 per cent by 1990, saving 750,000 b/d.

Establishing a major residential and commercial conservation programme designed to save 500,000 b/d by the end of the next decade.

A $2.4bn-a-year low-income assistance scheme to insulate the poorest Americans from impact of higher energy costs.

Provide $16.5bn in the next decade to improve public transport and car fuel efficiency.

The Administration estimates that its existing policies and proposals would save 4m b/d in the next 10 years and that the new initiatives would have a further 4.5m b/d.

The major item of Government expenditure is to be the estimated $88bn to finance the energy security corporation,

Continued on Back Page

Foreign exchange markets unmoved

By Peter Riddell in London and John Wyles in New York

PRESIDENT CARTER'S speech failed to impress the foreign exchange markets yesterday. The dollar declined against most leading currencies in nervous though generally thin trading.

Dealers in Europe said the speech made little difference to the short-term prospects of the U.S. economy. There appeared a reluctance to take up new trading positions for or against the dollar, and any selling was on a limited scale.

The dollar slipped to its lowest level against the D-mark for more than six months, though there was no significant intervention by the Bundesbank. The U.S. currency closed at DM 1.82, compared with DM 1.8245 on Friday.

The dollar's trade-weighted index, as calculated by the Bank of England, fell by 0.3 points to 84.3, a decline of 3.2 per cent in six weeks.

The weakness of the dollar boosted sterling, which rose 1.3 cents yesterday to $2.2420, its highest closing level since June 1975.

Any significant weakening in the dollar in the coming weeks could be the catalyst for fresh moves to tighten credit according to many New York analysts.

The Federal Reserve Board's continued commitment to a 10½ per cent target for the Federal Funds rate—for overnight loans between banks—is causing some concern on Wall Street in view of the outlook for inflation and the recent surge in monetary growth.

For the moment the Fed appears to be subordinating *achievement of its monetary* growth targets to its desire not to exacerbate the current economic slowdown in the U.S.

This is generally seen as the meaning of the latest report of the Fed's Open Market Committee. On May 22, the committee voted to raise the Funds rate if monetary growth exceeds the upper limits of staff projections. On June 15, however, the committee voted on the recommendation of Mr. G. William Miller, the Fed chairman, not to change the Funds rate in spite of monetary growth in the May-June period which was at "annual rates above the upper limits of the ranges specified by the committee."

The decision was justified "in view of many indications of weakening economic activity," according to the Fed's report.

Big deficit in current account

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN HAS a very large underlying deficit on the current account of its balance of payments in spite of the rapid build-up of North Sea oil output. This is the result of a sharp increase in imports, particularly of machinery and cars, coupled with a slight fall in exports.

The trend is obscured by big month-to-month fluctuations in the published figures caused by the continuing impact of the Civil Service industrial dispute on the flow of information.

The Department of Trade yesterday announced a current account surplus of £61m for June, compared with a deficit of £75m in the previous month. But after allowing for the distortions, the department estimates that the current account deficit was between £300m to £400m last month, somewhat less than in May.

Over the first half of this year as a whole the published *figures indicate a current deficit* of £1.02bn. But imports amounting to £900m may not have been recorded in this period and will show up in the trade figures over the next few months.

Balance of trade table, Page 6
Lex and Retail sales figures, Back Page

Consequently, the underlying deficit may have been around £1.9bn in the first half of the year, compared with a surplus of £604m in the second half of 1978. Most of the deterioration was on visible trade but the invisibles surplus dropped by £286m, partly as a result of higher net contributions to the EEC.

The large current account deficit has been offset by big capital inflows, attracted by Britain's favoured position as an oil producer at a time of sharply rising crude oil prices and by high UK interest rates. This has been reflected in the steady rise in sterling this year.

The deterioration in the current account to a published deficit of £1bn has been larger than forecast by the Treasury a month ago when a deficit of £750m was projected for the first half of the year with rough balance in the second half.

The position would have been much worse but for a sharp decline in the visible oil deficit—down from a quarterly average of nearly £504m in 1978 to £223m a quarter so far this year.

After adjusting for the various distortions, imports rose by 15 per cent in value—or around 12 per cent in volume—in the first half of this year compared with the second half of 1978. The Department of Trade describes this rise as "erratically large."

The increase can be explained partly by the pre-Budget consumer boom. There was, for instance, a 40 per cent rise in the volume of imports of road vehicles over the half-year and a 12 per cent increase in the volume of total manufactured imports. But these rises are before allowing for under-recording due to the Civil Service dispute. Over all there has undoubtedly been a further rise in the underlying share of the home market taken by imports.

Export volume fell by 2 per cent in the first half of 1979 compared with the previous six months with no net distortions. In particular, there was a sharp drop—roughly £100m a month—in sales to Iran and Nigeria in the first half.

After excluding this fall, the volume of exports rose by between 1 and 2 per cent in the half-year compared with a 3 per cent increase in the previous six months. But even this rise owes a lot to higher oil exports and sales of a wide range of manufactured goods fell during the first half of this year.

There has been a recovery in total exports in the last couple of months after the poor first quarter performance. But there may have been a permanent loss of some exports and there may be only a slow rate of growth from now onwards.

The expansion of Britain's main export markets is likely to slacken from the autumn onwards and the erosion of the UK's competitive position in the last couple of years is likely to have a growing impact.

BALANCE OF PAYMENTS
£m seasonally adjusted

		Visible trade	Invisibles	Current account
1978	1st	−596	+227	−369
	2nd	−173	+381	+208
	3rd	−367	+521	+154
	4th	− 39	+489	+450
1979	1st	−1,181	+394	−787
	2nd	−561	+330	−231
	Jn.	−126	+132	+ 6
	Feb.	−766	+131	−635
	Mar.	−289	+131	−158
	Apr.	−327	+110*	−217*
	May	−185	+110*	−75*
	June	− 49	+110*	+ 61*

* provisional
Source: Department of Trade

TUC fears union reform may end right to strike

BY CHRISTIAN TYLER, LABOUR EDITOR

GOVERNMENT plans for trade union reform include a proposal that could virtually remove the right to strike from workers in Britain, according to the TUC.

After careful study of the working papers published by the Government last week, union leaders now believe that almost any strike or industrial action against an employer — especially in the trading sector —could render trade unions vulnerable to court injunctions and claims for damages.

The Government has suggested that it may limit trade union immunity from court action, ostensibly to curb not only "secondary' picketing but other kinds of indirect or sympathetic action including blacking of goods.

But the TUC's employment policy and organisation committee, meeting tomorrow, is expected to take the view that if this plan were acted on it would remove virtually all legal protection for workers involved directly, or indirectly in trade disputes.

That view will be put to the TUC general council next week as the centrpiece of a campaign within the labour movement of resistance to the changes, and alsot o Mr. James Prior, Employment Secretary, asuming that the TUC agrees to continue the consultations he has set in motion.

The Government is likely to challenge the TUC's interpretation of its suggested amendment to labour law. But an official insisted last night that the consultations were genuine and that if the TUC could demonstrate that far-reaching consequences would follow this change, the Government was open ot persuation.

The argument centres on the Government suggestion that trade union immunity from actions in tort should not apply when breaches of commercial contract had been induced. The Government would like to revert to the formula that protects only breaches of employment contracts.

This was the position established by the 1906 Trade Disputes Act. But, according to the TUC, unions' liability for breaches of commercial contract was "discovered" by the courts in the 1960s (particularly in the case of Stratford v. Lindley in 1965). The Labour Government tried to change the wording in 1974 but was defeated by the Opposition. It eventually did so in 1976 with the Trade Union and Labour Relations (Amendment) Act.

If the wording is changed back, the TUC says, any cus*tomer or supplier of a company* as well as the employer himself could bring an action against a union in dispute.

There was little public fuss when the limited immunity clause appeared in 1974: most of the debate at that time was about the closed shop and the freedom of the press.

From tomorrow, however, the TUC is likely to start a major public campaign, using this point to spearhead its resistance to the rest of the Government's proposals on picketing, the closed shop and the public financing of secret trade union ballots.

Ladbroke loses casino hearing

BY JAMES BARTHOLOMEW

LADBROKE GROUP, the biggest casino operator in the UK, yesterday had its application for the renewal of four London casino licences refused by South Westminster Licensing magistrates.

Ladbroke said last night that it would immediately lodge an appeal. This will probably not be heard for several months and the casinos will be allowed to operate in the meantime.

If the decision is not overruled it will be a heavy blow to Ladbroke which received *over half its £41m pre-tax profit* last year from the casino division.

Ladbrokes shares fell to 175p in after hours dealings yesterday after being 202p earlier in the day.

The casino industry will now be in considerable disarray as other groups such as Coral Leisure, Playboy and Mecca try to pick up the licences which Ladbroke has lost. The Ladbroke casinos in question are in Mayfair. One of them, the Ladbroke Club, is thought to be the single most profitable casino in the country.

The grounds of the refusal were that the Ladbroke subsidiaries "are not fit and proper persons to be holders of gaming licences."

The police had given several grounds for their objection to renewal of the licences. They alleged that registration numbers of prestige cars outside rival casinos had been noted and that their owners had been traced through the corruption of a police officer with access to the police computer.

They also said that hotel staff had been paid to send visitors to Ladbroke casinos, that non-members had been approached and allowed to game and that Mr. Michael Lavelle, who introduced several guests to Ladbroke clubs, had been allowed a discount on his losses.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exch. 3pc 1981	£89¾	+ 1
Exch. 12pc 1913-17	£98¾	+ ¾
Amal. Dist. Prods.	60	+ 5
Brent Walker	86	+ 5
British Land	75	+ 3
Brown and Jackson	275	+ 15
Burnett H'shire A	415	+ 28
Caplan Profile	192	+ 7
Courtaulds	88	+ 3
Crouch (D.)	170	+ 18
Decca "A"	340	+ 40
Electronic Rentals	191	+ 8
Flight Refuelling	212	+ 14
GEC	355	+ 7
Heron Motor	55½	+ 4
Hunting Gibson	275	+ 15
Imp. Contntl. Gas	xd538	+ 8
Lloyds Bank	347	+ 11
Matthews (B.)	288	+ 13
NatWest	370	+ 12
Peters Stores	64	+ 8
Provident Financial	93	+ 5
Pye Hldgs.	166	+ 50
Rank Org.	222	+ 11
Ratners	109	+ 6
Robertson Foods	153	+ 6
Royco	54	+ 4
Syltone	198	+ 8
Town and City	20½	+ 2½
Tricoville	76	+ 4
Wallis	72	+ 4
Oil Exploration	340	+ 18
Mincorp	104	+ 10
UC Investments	240	+ 10
West Rand Cons.	152	+ 15

FALLS

Alexanders Discount	250	− 8
Eurotherm Intl.	xd300	− 13½
Jacksons Bourne E.	145	− 15
Ladbroke	175	− 14
Vinten	152	− 17

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OUTLINE AGR[illegible] ON 3-YEAR PRIVATE SECTOR PACKAGE

Italian metal workers win new contract

BY RUPERT CORNWELL IN ROME

AFTER SIX *months of arduous* negotiations, union leaders and employers' representatives yesterday reached outline agreement on a new three-year labour contract for Italy's 1.2m metal and engineering workers in the private sector.

The deal, initialled at the *Labour Ministry here after a* final 12 days of almost uninterrupted discussion, may well have a greater impact on the national economy—OPEC oil price increases excepted—than any other single event this year.

The package now goes forward for shop-floor approval in the companies concerned. Separate arrangements covering the country's 300,000 State sector metalworkers, held up at the last minute, are expected to be ratified shortly.

Employees in the sector, which embraces private groups such as Fiat and Olivetti, and publicly-owned concerns such as Alfa Romeo, have won substantial pay increases over the life of the contract till 1981, a greater say in company planning, and significant cuts in their working week.

In the short term, the agreement will end the recent severe disruptions in key industries in the North, particularly at the Fiat motor works in Turin, when workers expressed their frustration at the failure to reach a new agreement.

In the long run, the metal workers' breakthrough means that other outstanding contracts up for renewal, covering 3m workers in the textile, chemical, building and other industries, will probably be completed fairly swiftly. The risk of a "hot autumn" of labour unrest has receded.

The main points of the private-sector agreement are:

1—Workers will receive an extra L20,000 (£11) a month at once, a further L13,000 (£7) in mid-1980, and a further L13,000 in 1981. All these payments are on top of automatic increases under the "scala mobile" system of wage indexation to retail prices.

They will also be paid, in two instalments, about L120,000 back-pay, covering the period from January 1 this year, when the new contract was supposed to have become operative. Special seniority bonuses will also be improved.

2—The unions have won further rights to be consulted, and have a say in corporate planning decisions, affecting both new investments and future employment levels.

3—Cuts in the working week, the most hotly-contested of all the demands *in the original* package of claims submitted six months ago, appear to have been largely granted by employers, despite hostility almost up to the last moment.

The original claim was for a reduction to 36-38 hours per week from the present 40 hours. Agreement has been reached for five previously suppressed public holidays to be reinstated in 1979 and 1980.

For the final year of the contract, a further 40 hours will be lopped off normal work schedules in a number of major industries.

In return, management have won the guarantee of greater "flexibility," allowing them to bring on overtime working, or take on (and get rid of) extra temporary labour at their discretion. But the overall agreement does not seem much to their liking.

Sig. Walter Mandelli, chief negotiator for Federmeccanica, representing the private employers, said the talks were the most tiring and bitter ever. The losers, he declared, were the Italian economy and the unemployed.

Whether he is right will depend on the impact the deal has on unit labour costs, and hence on Italy's ability to compete with foreign goods. The *employers do not appear to* believe that productivity gains will offset the extra *financial* burden.

Without doubt, the bargaining has strained industrial relations in the engineering sector. Sig. Pio Galli, one of the chief union negotiators, declared that the "neo-liberal" ideas of Confindustria, the Italian employers' association, had been defeated.

Many economists and businessmen also suspect that an indirect but far reaching consequence of the agreement will be to stimulate further Italy's thriving "submerged economy."

One of the main reasons for the success of this, it is believed, lies in the rigidity of the structure of major industry, especially in the larger groups.

This rigidity and lack of adaptability, may have been reinforced by the metal workers' accord. It was also being observed that shorter "official" working hours will allow more time for remunerative second jobs.

Tough Christian Democrat line

BY OUR ROME STAFF

TOUGH CONDITIONS laid *down by the long-ruling* Christian Democrats as the price for their co-operation have clearly emerged as the *main obstacle to the bid by* Sig. Bettino Craxi, the Socialist leader, to form a new Italian government.

This week, Sig. Craxi will *hold his second round of* consultations with other parties. These should settle, one way or the other, the fate *of only the second attempt* in 34 years to give the country a non-Christian Democrat Prime Minister.

Despite the splits within their own ranks, the Christian Democrat's at the weekend outlined three main conditions on which the largest single party would accept serving in government under a Socialist. Although the *current round of talks is formally about the programme for a new government,* it is on this basis that *the argument is proceeding.*

In the first place, the Socialists are being asked to drop all reference to the so-called "left-wing alternative;" that is, their coming to power with the Communists.

Secondly, the Socialists must forswear in Parliament Communist support at any time. Thirdly, they must pull out of regional and local governments (where numerically possible) where they are in alliance with the Communists.

On the extent to which Sig. Craxi can dissociate himself from these terms hinge his fragile hopes of success. At the same time, the Christian Democrats will try to pin him to a tough economic and law-and-order programme which is likely to strain the Socialists' ties with the unions and the party's civil rights-minded supporters.

Outgoing Premier Giulio Andreotti (left) and PM-designate Bettino Craxi sit in church at the funeral of the Carabinieri commander killed by terrorists

Court to reopen Herstatt inquiry

By Jonathan Carr in Bonn

AN IMPORTANT judgment by the Federal Court of Justice has given new hope to a group of former customers of Bankhaus I. D. Herstatt, the Cologne-based bank which collapsed in June, 1974.

The judgment means that a Cologne court will again have to examine Herstatt's tangled affairs, in considering whether the Federal Credit Supervisory Office (BAK) acted correctly in the period leading up to the Herstatt collapse.

Under a complex settlement agreement with Herstatt creditors worked out in late 1974, German credit institutes were to receive 45 per cent of their claims on the bank. Foreign banks and municipalities were to get 55 per cent and other creditors—including private customers—65 per cent.

However, despite this accord, some of those private customers felt the BAK could have done more, for example, by instituting an early, secret examination of Herstatt's business on grounds that there were rumours of heavy foreign exchange losses.

The group carried its complaint against the federal authorities into the courts but lost the first round in Cologne in December, 1977.

A further appeal to the Federal Court of Justice last week brought the judgment meaning the affair must go back to Cologne for further consideration.

The judgment defines the circumstances under which the BAK may have a particular responsibility towards the customers of a bank, as well as for the soundness of the *credit sector in general.*

It says also, that the BAK may not be doing its duty if it fails to make use of its powers of scrutiny, despite receiving information of big foreign exchange losses.

The Federal Court decision does not mean that the private customers have virtually won their case. It will be up to the Cologne court to decide—probably not before next year—how the general principles announced may apply to the particular circumstances of Herstatt.

Furthermore, examination of the affair will be carried out *on the basis of German credit* law as it existed when Herstatt collapsed. Since then the law has been tightened, giving the BAK wider powers for scrutiny and intervention.

Dr. Otmar Emminger, the Bundesbank president, says he agrees with an OECD estimate that the latest oil price rise may reduce West Germany's rate of real growth by around a half percentage point, Reuter reports from Dusseldorf.

In an interview with the financial weekly "Wirtschaftswoche," he added that this means real growth in 1980 *might be 3-3.5 per cent instead* of the originally expected 3.5-4 per cent.

The OECD made the estimate in its annual report on the German economy, published last week.

Swiss trade gap

The Swiss trade gap widened to SwFr1.58bn (£430m) for the first half of this year—92.4 per cent higher than the deficit for the same period last year, John Wicks reports from Zurich. Imports rose by 5.8 per cent over the six months to SwFr 22.93bn (£6.23bn) and exports by only 2.3 per cent to SwFr 21.34bn (£5.8bn).

Irish GNP 'will increase only 2% this year'

BY STEWART DALBY IN DUBLIN

THE GLOOMIEST forecast yet of Ireland's immediate economic prospects has been given by Dublin's Economic and Social Research Institute, one of Ireland's most highly regarded non-governmental forecasting bodies.

In its latest quarterly bulletin, the institute predicts that GNP will grow by only 2 per cent this year. This compares with a recent *forecast of* 3.8 per cent by the EEC Commission.

The Irish Government has not given an official prediction for growth this year, but privately members of the Government have indicated that they have reduced hopes from over 6 per cent growth to a rate of 5 per cent.

If its prediction is correct the institute says there will be an increase of no more than 1 per cent in living standards.

The slowdown is due to higher oil prices and a series of domestic industrial disputes. The cost of imported *oil* (on which Ireland is 75 per cent dependent for its energy needs) will probably rise by some 30 per cent this year.

The extra £85m spent on oil will cause the balance of payments deficit this year to rise to at least £500m.

The institute reckons inflation will be 13 per cent for the year ending in November. This forecast coincides with one from the OECD which says that Ireland is now competing with Italy for the title of the most inflationary country in the EEC during the past six months.

Prices in Ireland were increasing at an annual rate of 15.5 per cent, according to the OECD, compared with Italy's rate of 15.6 per cent.

Higher oil prices force Sweden to borrow more

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN MUST borrow at least SKr 2bn (£212m) more abroad as a result of the oil price increases, according to Mr. Ingemar Mundebo, the Budget and Economy Minister. Earlier estimates had been that Swedish public sector borrowers would raise abroad about SKr 9bn this year, around the same as in 1977.

The Liberal minority Government is expected to allow price increases for light heating oil and possibly petrol this week.

In a statement which appeared to be a warning to politicians not to promise tax reliefs during the campaign for the September general election, Mr. Mundebo said there was no scope for a reduction in the total tax burden, although he did foresee a shift from direct to indirect taxation.

He expected a faster inflation rate and warned that Swedes' living standards would rise more slowly, if at all, as a result of the oil price increases. Sweden obtains about 70 per cent of its energy requirements from imported oil.

In the spring, the Budget Ministry forecast a current account deficit of around SKr 6bn in 1979. It has now raised this estimate to SKr 8bn.

Sweden had a gross foreign debt of SKr 56.6bn at the end of 1978. Borrowings by the Kingdom itself started only in *1977 and had reached just under* SKr 11bn by the end of 1978, with a moderate increase of only SKr 2bn last year.

This year the State Debt Office has stepped up its borrowing abroad and the Kingdom's foreign debt had climbed to around SKr 14bn by the end of April. Last month Sweden added a DM 200m (£50m) bond issue launched on the West German market.

Mr. Mundebo urged Swedes to be sceptical towards promises either of tax reductions or of higher social security payments.

Investment forecast to increase 2% in France

BY TERRY DODSWORTH IN PARIS

LITTLE HOPE of a significant *rise in industrial investment in* France is held out by INSEE, the national Statistical Office, for either this year or next.

In its latest review of company intentions, INSEE says the real improvement in investment during this year will be about 2 per cent, with overall spend*ing going up by about 10 per* cent.

In 1980, it believes a slight improvement could occur, with overall expenditure up by about 13 per cent, including inflation, compared with this year. But these first indications for next year must be treated with caution, it adds.

The survey indicates that company attitudes are being heavily influenced by the feeling that a marked improvement in markets is unlikely to occur.

No significant shortage of investment funds is apparent, and in certain growth areas, such as vehicles and the oil industry, *money is being injected into* new capacity.

The main factor in any *acceleration of investment next* year will be expenditure planned for the glass and metals industries. In the metals sector this will be significantly affected by the Government-backed reorganisation programme for the steel industry, which will involve pumping money into a wide-ranging modernisation plan.

Apart from these two industries, the growth in investment is likely to be about the same next year as this.

At present, the biggest acceleration comes from the capital goods industry which will be spending about 15 per cent more this year than last, including inflation.

Consumer goods companies are likely to spend about 9 per cent more.

In the unfinished goods sector, partly due to a decline in investments in the chemical industry, the growth in expenditure will only be about 7 per cent.

Austria stops fall in reserves

By Paul Lendvai in Vienna

AUSTRIA HAS stopped the temporary drain on its foreign exchange reserves and with the lowest inflation rate in western Europe, the monetary authorities expect a manageable current account deficit this year.

Announcing this yesterday Professor Stephan Koren, president of the Austrian National Bank, said that restoration equilibrium in the country's external payments remained the priority target.

During the January-May *period, Austria's foreign* exchange reserves fell by just over Sch 10.4bn (£346m) to Sch 75.9bn. But according to provisional figures, they rose again to Sch 77.8bn by the end of June.

About three quarters of the fall in the first five months was due to the interest state differential between neighbouring Germany and Austria, as well as "leads and lags" in international payments.

Prof. Koren estimated that some Sch 4bn to Sch 5bn represented purchases of German bonds by Austrian institutional investors.

However, since mid June when the interest rate in Austria was raised for new issues from 7.25 per cent to 8 per cent, the drain on the reserves has been halted.

Despite the increase in the bond rate, the discount rate has remained at 3¾ per cent since January 25 this year, and is now *1¼ points below German dis*count rate.

The year on year inflation rate in May was 3.1 per cent, lower than the latest figures for Germany and Switzerland and it is expected that the average for 1979 or a whole will be between 3.5 and 4 per cent.

Professor Koren said the estimate of a 4 per cent to 4.5 per cent growth rate for GNP this year was realistic. It would mean almost a trebling of economic growth compared with last year. The better than expected performance is primarily due to foreign demand, primarily in Germany, as well as as to the domestic upturn.

It remains too be *seen* whether the latest forecast for a current account deficit of Sch16bn after Sch6bn last year will be borne out. Meanwhile the central bank has resisted pressures to ease the credit squeeze.

The rgulation that loans to business may rise only by 1.3 per cent per month has been prolonged until the end of the year.

Fringe groups demonstrate their discontent

BY ELINOR GOODMAN

A STRASBOURG FRINGE looks like springing up around the European Parliament, consisting mainly of people who were not elected but think they should have been. Both the British Liberals and the Ecologists are to make protests over the next few days with the Ecologists threatening to steal *a march on the Liberals with* what, by journalistic standards, is a dawn Press conference.

With a sense of timing which would seem to testify more to the virtues of healthy ecological living than an appreciation of media life styles, the Ecologists, with like-minded independent MPs, have invited all the 400 reporters assembled in Strasbourg to a Press conference at 8 am today in the waiting room of Strasbourg station.

Half-a-dozen elected MPs — most of them members of the group formed last week to represent the interests of independent members in the Parliament—will link arms with a group of candidates who stood on the "green list" in various countries but failed to be elected because of what they regard as the unfairness of the electoral system.

Unlike the Liberals, who have postponed their demonstration, the Ecologists complain is not lack of proportional representation but that the particular system of it used in West Germany and France penalised the small parties because parties had to win at least 5 per cent of total votes cast to gain any seats.

The choice of the station for the press conference is intended to convey the idea of a group arriving in Strasbourg as a united force. In fact, most of them were in the city yesterday when they gave a press conference to which they also asked, for reasons best known to themselves, a Marxist ecologist from the German Democratic Republic. Having met at the station they will lead what they hope will be a crowd of more than 1,000 supporters, waving flags and chanting slogans, to the Parliament.

The steps of the European Parliament look like being crowded over the next few days. Numerous television crews were using them as an open-air studio yesterday. At one point a French singer was seen miming a song to the bemusement of Strasbourg workers who had decided to have their picnic lunch on the steps in the hope of seeing celebrities.

Nine British Liberals are expected to arrive in the city soon in a gesture of claiming what they regard as their rightful places in the Parliament. The deputation, led by Mr Russell Johnson, MP for Inverness, *was to have arrived* yesterday but his departure from London was postponed, partly to allow Mr Johnston to speak at Westminster and partly, it is said, to give Mr David Steel, the Liberal leader, the opportunity to wave the group a public goodbye.

Adding to the throng outside the Strasbourg Parliament, the European Federalist Movement, which has been campaigning for closer links within Europe since the end of the war, is due to stage a further demonstration. Their supporters will also be waving flags and the signs were yesterday that they would be identical to the flags being waved by the discontented Ecologists.

EUROPEAN PARLIAMENT

Ewing joins up with Gaullists

BY OUR STRASBOURG CORRESPONDENT

BRITAIN'S LONE Scottish Nationalist member at the European Parliament is to join forces with the Gaullists in an attempt to increase her strength. Mrs. Winifred Ewing, [illegible], who was one of a handful of members in the old European Parliament not to join any of the six political groups, has decided to join the European Progressive Democrats (EPD) in the new assembly.

Mrs. Ewing, who represents *the large Highlands and Islands* seat, apparently feels that now the number of MPs in the European Parliament has increased to 410, independent members will no longer get the opportunitytunitiess to speak which they receivxed in the smaller *assembly.*

Last week she was asked to join the new group specially formed to defend the interests of independent members. She rejected this, however, on the grounds that the European Progressive Democrats, which *are dominated by the French* Gaullists, look like being a more effective force in the Parliament.

Yesterday she said that the EPD had promised to support her fight for the regions.

Both the EPD and the group formed last week to represent the independents could be threatened with extinction if a proposed change in the minimum group size is approved by MPs this week. The signs are, however, that the leaders of the established groups would not agree to such a change if it *meant any existing group being* broken up.

Eanes is taking a big gamble by dissolving Parliament, writes **Jimmy Burns**

New test for Portugal's young democracy

President Antonio Ramalho Eanes yesterday began his search for a caretaker Prime Minister to prepare interim elections in the autumn and to conduct essential state affairs, writes Jimmy Burns in Lisbon.

The President, pictured above broadcasting to the nation on Friday, said he would not dissolve the Portuguese Parliament officially until the political parties had given their approval to the new administration.

Although he has expressed confidence that no obstacle will be raised to the imposition of the temporary Government, the 11th since *the revolution five years ago,* the President could face some last minute difficulties.

The new Government will be in office for about three months and there could be some inconvenient quibbling from the parties as to what should be its precise powers *during this period.*

Sig. Maria de Lurdes Pintassilgo, currently head of the Portuguese delegation at UNESCO, is being tipped as a possible non-controversial choice for caretaker Premier.

BY CHOOSING last Friday to dissolve Parliament rather than to impose a new Government, General Antonio Ramalho Eanes, the Portuguese President, has taken what is perhaps the riskiest gamble of his political and military life.

The general election expected in October could clarify the political confusion which has wracked Portugal following the failure of successive Governments to provide stability. But an autumn poll could also result in a stalemate which this weak young democracy would find difficult to sustain.

It is because of the risks involved that President Eanes has taken such a tortuously long time to reach a decision. Portugal has been in a state of government crisis ever since Dr. Mario Soares' minority Socialist administration collapsed at the end of 1977.

Dr. Soares had argued the possibility of an agreement between the Socialist and independent Social Democrats, even though both groupings were deeply divided about the feasibility of such a scheme. Last Thursday evening, just as Dr. Soares was meeting the President, a party of independent *Social Democrats told* a group of foreign journalists that as far as they were concerned no deal had ever been discussed with the Socialists nor would it ever be.

The politicians have failed to reach a minimum of concensus on a new Government. But there is now a common conviction that non-party government has become unacceptable.

The non-party formula was originally picked on by the President to give the politicians breathing space in which to bury some of their differences. But the result was quite the opposite.

Particularly under the outgoing administration of Sr Carlos Mota Pinto, non-party government annoyed the politicians rather than soothed them. Matters came to a head when the Prime Minister suggested that it was time for a new political grouping to bypass the present Parliamentary framework.

Far from playing a caretaker role, Sr Mota Pinto's Cabinet implemented a series of controversial decisions which implied no less than the transformation of Portuguese society. These included the liberalisation of the nationalised banking system, the decollectivisation of land ownership, and a thorough purging of the state-owned media.

The politicians' patience was finally exasperated by Sr Mota *Pinto's attempt to push through* a tougher austerity programme than any of his predecessors. This caused the row over the extra tax on the 13th month bonus and the restrictive wage ceiling.

By the terms of the Portuguese constitution the next full legislative term cannot begin until a general election is held in 1980, even if Parliament is dissolved in the meantime.

With this in mind, President Eanes has specified that the autumn poll will be an interim *election. Thus, the Portuguese* are to face four elections in less than two years: two general elections, one municipal, and one Presidential.

President Eanes has specified that the autumn poll will be an interim one. Thus, the Portuguese people are to face four votes in less than two years: two general elections, one municipal, and one presidential.

The dangers are all too apparent. First, the politicians may use this period as a simple exercise in electioneering and ignore the pressing economic problems facing the country.

Second, there could be an electoral overkill leading to apathetic electorate and greater political extremism.

The right-wing alliance believes that an autumn poll *will see a substantial swing* and that the Social Democrat-Christian Democrat coalition will be ensured of a majority.

A m[illegible] wh[illegible] th[illegible] [illegible] Eanes is hoping [illegible] and-neck result between the combined votes of the Left (Socialists and Communists) and those of the right wing.

If the interim elections produce no clear winner, President Eanes' own hope, as expressed to the nation on Friday, is that it should be interpreted *in a positive sense by the* politicians. That is, they should be pressed into a broader consensus that would express more fully the balanced options of the vote, a kind of Portuguese-style "historic compromise."

Judging by past performance, it is doubtful whether such a degree of flexibility can be found among Portugal's politicians. Nevertheless, there is some room for manoeuvre.

The Socialist Party congress in March left open the possibility of a post-electoral alliance. The Social Democrats, meanwhile, are not strictly bound by their agreement with the Christian Democrats, which significantly, was signed as a treaty of co-operation, not an electoral [illegible] that there could be a separation in the future. This would prevent a polarisation of society and allow for a stable Socialist/Social Democrat coalition to last at least until 1980.

For stability is what is needed in a country which faces a number of economic commitments. These include: a renegotiation of its standby agreement with the IMF; the raising of prices including fuel and transport in order to make present budget allocations compatible with the public sector deficit target; and finally, the implementation of a coherent wages policy in a year when more than 200 collective wage contracts are due to be negotiated.

The unpopular nature of these decisions would make it tempting for whichever government emerges from the October election to stall rather than risk losing the "big one" in 1980.

Clearly, testing times are in store for Portugal's democracy. Until now the system has survived, despite the list of government crises, because the civil servants have been there to carry on with the day-to-day business of running the country. But there is a limit to government by bureaucracy and the growing irrelevance of politicians.

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S. African amnesty for illegal workers

By Quentin Peel in Johannesburg

THOUSANDS OF black workers working illegally in urban areas in South Africa may now be registered by their employers under a temporary concession announced by the Government.

Enforcement of a drastic increase in the fines payable by employers of so-called illegal workers, from R100 (£53.6) to R500 is to be postponed until November.

The Government announcement follows warnings from race relations workers and politicians that the rigid enforcement of influx control laws, aimed at preventing rural blacks from seeking work in the urban areas, would cause a further big increase in black unemployment. The move was welcomed yesterday as a significant concession for individuals who have run the risk of summary arrest and deportation to the tribal homelands, but it makes no change in the underlying influx control system.

The concession only applies to workers who have worked for the same employer for at least a year, or who have worked in the same area for at least three years. The Western Cape, which has attracted large numbers of illegal workers from the homelands, is excluded, as are blacks from outside South Africa.

Credit for the concession is generally attributed to Dr. Piet Koornhof, Minister of Co-operation and Development. He was under pressure not only from liberal politicians, but also from employers and homeland leaders, who feared the consequences if thousands of unemployed were forced back into the impoverished rural areas.

There are no official estimates of the number of illegal black workers, although the huge Soweto complex outside Johannesburg alone is believed to have a population of 1.5m compared with a "legal" figure of 700,000.

Mrs. Sheena Duncan, national vice-president of the Black Sash, which advises blacks on their legal rights, believes the administration boards will be inundated with requests for registration, although officials maintain that only a few thousand workers are affected.

Dr. Nthato Motlana, chairman of the Soweto Committee of Ten, said the Government should scrap "the entire iniquitous and oppressive pass law and influx control system."

The complexities of multiple government in Iran are examined by **Andrew Whitley** in Tehran .

Decision-making in the Ayatollah's republic

DESPITE the tales of bottle smashing in Iran, some passengers travelling on an Iran Air jumbo jet, say from London to New York, might still be surprised to find that the airline, which used to boast of its sophistication and fast rate of growth, is no longer serving alcohol on any routes, not even the fiercely competitive transatlantic run.

They ought not to be surprised. New regimes are usually keen to prove their credentials at home and abroad with symbolic gestures. As Dr. Mehdi Bazargan, the Iranian Prime Minister, told the then head of Iran Air, Mr. Hushang Tajadod, when he went to protest against the decision, "we are an Islamic Republic and must be seen to be applying our principles

What happened then sheds light on the involved process of decision-making in Iran which affects not only those who want a drink but those having any dealings with that country.

In fact, the ban on inflight alcohol was not a straightforward matter of policy put into effect. The provisional Government had far more important matters to worry about than its revolutionary purity in the skies. The process went something like this:

An Iran Air passenger and an airline steward were said to have been offended by the way in which the airline continued to serve alcohol on international routes in defiance of a pronouncement by Ayatollah Khomeini against intoxicating spirits (the Government itself had not said anything on the issue of drink, an intrinsic part of Persian as opposed to Moslem culture).

The individuals complained to the Imam's Committee, Khomeini administrators headed by a senior clergyman, in Tehran, by-passing completely Iran Air's management and the Civil Aviation Organisation.

The Committee contacted its counterparts in the holy city of Qom, which is rapidly developing into an alternative capital. The issue will have been discussed by whichever mullahs happen to be on duty that day in Khomeini outer office. Those present probably included the religious leader's son, Ahamed Khomeini, whose influence is growing.

A decision banning alcohol on Iran Air will have been made there and then, and conveyed to the Bazargan government for implementation. As often as not, such orders are issued through handwritten letters conveyed the 90 miles to Tehran by courier.

Mr. Hashemi Sabaghian, the then Deputy Prime Minister for Transitional Affairs, who acted as a Jack-of-all-trades in what is a fluid and interchangeable inner Cabinet, then despatched a letter to Mr. Tajadod informing him of the decision.

Already badly hit by the revolution, the Iran Air management calculated that the ban would cost them $40m a year in lost passenger revenue. But when Mr. Tajadod, a highly experienced airline man, newly appointed by Dr. Bazargan, saw the Prime Minister to try to persuade him to reverse the order, he was told: "We shall give you more pilgrims to Mecca instead." Mr. Tajadod was later replaced.

The principal criterion for membership of the administration or a senior post in a state agency is religious piety. Peppering one's speech with quotations from the Koran is a mark of the new Bazargan man. Many big enterprises in Iran these days stop work at midday for prayers led by the managing director.

But family relationships and old acquaintance with a key member of the Government such as Dr. Ibrarim Yazdi, the Foreign Minister, are equally essential. The top layer of Government posts is made up solidly of a small group of families with long and close ties to the clergy.

Much is made in Iran these days of the "multiplicity of decision making centres," as Dr. Bazargan says, or to the existence of two parallel governments at the top and "a government within government" further down the ladder. Essentially this refers to the clergy and the committees.

Before the revolution and in the days immediately after the clergy's role was said to be a temporary one. Since then it has been made abundantly clear that their new administrative set-up is intended to outlast the appointed Bazargan Government and its elected successors.

As for the committees responsible for local security and general "defence of the revolution," the Prime Minister's repeated attempts to secure their abolition or neutralisation under the Government have met with no success, because of Ayatollah Khomeini's refusal to eliminate the grass-roots fighting arm of his own power structure.

Shi'ite Islam, the State religion, does not recognise a defined hierarchy of authority, but to cope with the task of running the country an informal structure resembling an inverted pyramid has been worked out among the clergy-administrators.

Remarkably, it is a structure which deliberately excludes the majority of the top seven Shia Ayatollahs from the decision-making process. On this basis, it could, and has been, argued that a group of clerical hardliners unrepresentative of the body of opinion in the country, seized power for themselves in February, in the wake of Khomeini's standard-bearing role against the Shah, and have since devoted themselves to consolidating their position.

Acknowledged supreme and unchallenged at the top is the Imam, the leader, as he is universally known within Iran, the man who until 18 months ago had been almost forgotten in his exile. Alarmingly for liberals and the uncommitted, Ayatollah Khomeini's status among his followers has now become near divine. His long daily speeches are treated as infallible wisdom.

He acts in many ways as the unofficial Head of State, receiving visitors from abroad, approving Iran's ambassadors, examining legislation and issuing policy directives on general as well as specific issues, such as the break in diplomatic relations with Egypt.

To a greater extent than with the Shah, it has become protocol for even middle-ranking foreign delegations to make the trip to Qom. One of the more incongruous recent encounters was that between the Imam and a New Zealand meat delegation, keen to assure Iran its lamb was slaughtered in accordance with Islamic principles.

At 79, Ayatollah Khomeini remains in good health though the danger of martyrdom, to which he says he looks forward, is ever-present. Unfortunately, as Iranians are gradually becoming aware, he has no natural successor among his own followers.

Beneath him is an influential group of perhaps 20 or 30 clergymen, many of whom are his former theological students, now in their 40s and 50s. Most are still hojatullislams — the second rank in terms of learning and popular acclaim, rather than Ayatollahs.

They, probably with a small number of lay figures, are thought to make up the Revolutionary Council, which is in day-to-day terms the real power centre of the country. Nothing has ever been said in public about the council's composition and working methods, but it is generally accepted that the council functions in the manner of a cabal, in which decisions emerge by consensus and in which there is a floating membership, rather than being the type of carefully defined executive body familiar to the West.

Last month's decision to nationalise all banks, rather than just a few on the brink of bankruptcy, came from the council, probably on the advice of their economic theoretician, Mr. Abolhassan Bani-Sadr. Typically, when the decision was made and passed on to the Prime Minister, the government officials most concerned were not informed, let alone consulted.

Most major items of business originating within the secular administration, such as the annual budget, are submitted to the Revolutionary Council and to Khomeini first for their consideration, before release. Members of the Government, including Dr. Bazargan, do not appear to attend the council's meetings.

Instead each Thursday the Cabinet makes a pilgrimage to Qom to discuss the issues of the day with Khomeini. At those sessions outsiders, such as big bazaar merchants, are sometimes invited to participate. In a homely touch contrasting with the style of the former regime, the Bazargan party to Qom usually travels in a minibus.

Parallel to the Council, and overlapping to some extent, are the revolutionary courts (to whose headship the controversial religious judge, Sadegh Khalkhali, publicly laid claim), a Revolutionary Prosecutor-General, the Revolutionary Committees under an Ayatollah: and the Revolutionary Guards, the Pasderan. In charge of the guards is a relatively young clergyman close to Khomeini, Hojatullislam Lahouti.

To the distaste of many professional army officers still serving in middle-ranks, the armed forces have had to work side by side with the Pasderan, aggressive young zealots strong on commitment and low on training.

The armed forces are being put back together again as conventional fighting units with traditional discipline. Apparently backed by Dr. Bazargan, the commanders are making strenuous efforts to wean their forces away from the political arena.

But politics can split the military, as seen in the recent decision by General Said Amir Rahimi, head of the military police, to defy his dismissal by the Defence Ministry.

After an unpromising start, the rebuilding of the army has become one of the few areas in which considered Government policies are being carried through. In nearly all other areas Ministers or department heads are preoccupied with internal power struggles with their committees.

Professional insecurity within the provisional administration, as well as a revolution which many fear is not yet completely over, act as a powerful deterrent to decision-making.

Initially the Government acted boldly and decisively, but in its four-month life its pace has faltered and slowed. At a time when the reckoning of past mistakes is still going on, managers are frightened to take any decisions.

The balance of power between managers and their committees varies enormously from organisation to organisation. Most paralysed of all are the provincial administrations, where the Governors-General, appointed by the Prime Minister, have frequently found themselves to be the weakest of three rival elements—the civil administration, the local clergy under a Khomeini nominee and warring armed bands calling themselves committees. Clashes resulting in deaths occur frequently, as in Zanjan last month.

In Tabriz, a city of some 650,000, there were 34 rival committees last March. Each would arrest and detain those they considered to be counter-revolutionaries or wrongdoers.

When the Islamic republic's first Governor-General for the province, Mr. Rahmatullah Moghadam-Maraghei, arrived to take up his post, he found gunmen installed throughout his official residence, including his bedroom. "We are here to help you," they told him. It took him two weeks to establish his authority over his own premises.

In a frustrating two-month period, the primary need to establish law and order left him no time for any other issue, including the region's pressing economic problems. The crunch came over attempts to gain control over Tabriz jail from a committee of no known affiliation. Turned away himself, Mr. Moghadam instructed his chief of police to take action. He in turn failed, and was replaced.

In despair, the Governor-General then went to see Ayatollah Khomeini in Qom, who despatched a personal envoy to sort out the problem. The envoy recommended a compromise, but the local senior clergyman refused to give his agreement. Unable to continue, Mr. Moghadam, a distinguished member of the anti-Shah movement, resigned in disgust, and a string of other provincial administrators followed suit.

Defence Minister submits his resignation

TEHRAN — Brig.-Gen. Taqi Riahi, Iran's Defence Minister, submitted his resignation yesterday after a row over his dismissal of the country's hardline military police chief.

Gen. Said Amir Rahimi last week defied the Minister's dismissal order and was later confirmed in his post by Ayatollah Khomeini.

Gen. Rahimi yesterday asked to be given command of Iran's entire western front, where fresh violence has flared among the minority Arab population.

He had 3,000 men on stand-by to travel to the southern oil province of Khuzestan, he added. On Sunday, a grenade was thrown into a mosque in the province, killing seven Government supporters and injuring 60.

Five men alleged to be members of the Black Wednesday Arab guerrilla group were arrested and immediately tried and executed.

Gen. Rahimi said he would impose law and order in Khuzestan Province, "based on the principles of discipline and freedom."

"Demonstrations would be free, throwing hand grenades would not," he said.

Agencies

Sadat to make OAU plea in person

By Mark Webster in Monrovia

PRESIDENT ANWAR SADAT of Egypt faces an uphill battle to win support from African countries for his peace treaty with Israel during the Organisation of African Unity's Heads of State meeting which opens in the Liberian capital, Monrovia today.

A resolution produced by the OAU's Council of Ministers, which has been meeting for a fortnight, condemns the treaty but stops short of condemning Egypt.

Despite lobbying from the North African states and Libya, the language of the resolution is expected to leave individual countries some room for manoeuvre.

With Egypt isolated from the rest of the Arab world, President Sadat desperately needs friends in Africa. It is with that in mind that he has decided to make a personal appeal to the OAU, despite the security risks.

Observers believe there is a growing number of leaders in Africa which would prefer to back, what they see as, the moderate line of President Sadat against the hard-line Arab states. Those holding this view argue that confrontation with Egypt is not the way to gain a lasting peace in the Middle East. They are also believed to be disappointed with the way that Arab aid policies have been carried out in Africa.

Col. Muammar Gaddafy, the Libyan leader, is not expected to attend, although he is concerned with another controversial matter on the conference agenda—the recent conflict between Uganda and Tanzania. Libya intervened inefectually on the side of President Idi Amin of Uganda.

Libya and Sudan have condemned Tanzania for what they say was a violation of Uganda's sovereignty and interference with its internal affairs. Tanzania says it was retaliating for the Ugandan invasion of Tanzania in October 1978

The matter will almost certainly be discussed in secret session and African opinion is split over the issue. Most countries agree that the removal of Amin was desirable but are afraid of the precedent.

On the issue of Zimbabwe Rhodesia the OAU is by no means unanimous although it has refused to allow a delegation from Bishop Abel Muzorewa's Government to attend the conference.

Carter sets saving target: 4.5m barrels of oil a day

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER has taken two immediate steps—imposing quotas on oil imports and taking controls off the price of so called "heavy" oil—and has outlined a range of longer term measures, many needing Congressional approval and financing, to meet his ambitious goal of saving an extra 4.5m barrels a day of imported oil by 1990.

The Administration claims that earlier energy legislation has cut U.S. import needs projected for the year 1990 by 4m b/d. Taken with the new measures, this will reduce U.S. oil imports by the end of the 1980s to 4.5mb/d, according to figures released by the White House, compared with the 13m b/d level they would otherwise have reached by 1990.

Mr. Carter's programme actually goes well beyond his Sunday night pledge that the U.S. would never use more foreign oil than it did in 1977. It plans to cut the current U.S. oil import levels in half over the next decade.

As an immediate start, the President has set a quota of 8.2m b/d on oil imports for 1979, a step that he can take on his own under a 1953 law allowing him to limit imports that threaten national security.

This is 300,000 b/d below the 8.5m b/d ceiling that Mr. Carter promised Western leaders last month at the Tokyo summit for 1979 and 1980. The new quotas will be announced year by year, and 1980's has not yet been worked out.

The immediate impact of the quota will not be severe because it roughly matches the average level of imports so far this year. In addition, the current U.S. economic slowdown is bound to hold down industrial demand for energy.

Another executive action the President has taken is to remove all price controls from "heavy" oil, a tar-like crude which must be heated for extraction. The U.S. is estimated to have reserves of around 10bn barrels of heavy oil, mostly in California. "Heavy" oil will also be exempt from the windfall profits tax.

Japan concern at plan's impact

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

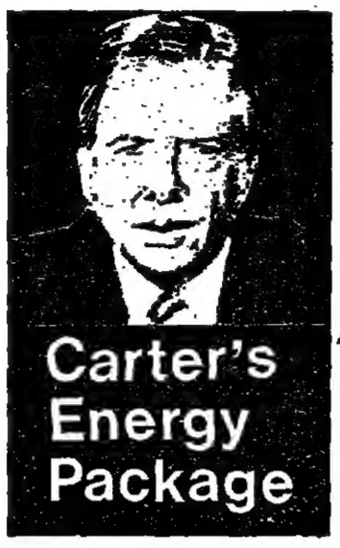
APART from giving President Carter's new energy saving programme a warm official welcome, Japan appeared yesterday to be preoccupied with the impact which the Carter plan might have on its own position as an oil importer.

Japan is the world's second largest importer of oil after the U.S., with an average of 5.4m barrels a day expected in 1979 against the U.S. figure of 8.5m barrels. Halving U.S. imports by the end of the 1980s might mean that Japan would become the world's biggest importer and thus the country most exposed to international demands for import saving.

Japanese officials are not yet certain of the feasibility of the new U.S. plans, but if they are realistic, Japan will be under strong pressure to intensify its own oil saving efforts. It will also be under pressure to aim for the lower end of the import target adopted for Japan at the Tokyo summit. Japan undertook to keep its imports in 1985 within a range of 6.3m to 6.9m barrels per day.

The 6.3m figure could impose something of a squeeze on Japan's growth rate over the next few years unless the Government can achieve a breakthrough in current efforts to economise on oil imports and develop new sources of energy.

Since the summit ended the Government has been considering redrafting its almost completed seven-year economic plan to allow for restricted oil imports. Various measures have also been proposed for encouraging alternative energy sources, including the introduction of a new tax to finance energy research.



Europeans welcome proposals

By Roger Boyes in Bonn

THE WEST GERMAN Government, welcoming President Carter's energy statement yesterday, expressed the hope that Congress would approve the proposed programme of import quotas, research and conservation.

But Bonn also indicated that it would welcome the lifting of oil price controls—not mentioned in the Carter declaration—and the approximate alignment of U.S. oil prices with those of the other industrialised countries. A Government spokesman also made clear that it would welcome an explicit commitment to the continuing use of nuclear power.

Kathy Bishtawi adds from Sharjah: Mr. Giscard d'Estaing, the French President, welcomed Mr. Carter's new energy strategy as an "important step in line with the spirit of the Tokyo summit."

Some sceptics in London

BY RAY DAFTER, ENERGY EDITOR

BRITISH Prime Minister Mrs. Margaret Thatcher is expected to lend her support to President Carter's energy plans when she reports to Parliament today.

Mrs. Thatcher was among Western leaders who told Mr. Carter at the Tokyo economic summit that the U.S. must take urgent action to reduce its oil imports. Now that the President has proposed an ambitious package to achieve that aim, the British Prime Minister will feel that her support is incumbent. It is unlikely that she will criticise details of the proposals.

However, within the oil industry in London, senior company officials were sceptical about some of the plans. For instance, it was felt that the programme for developing solar energy was far too ambitious.

Similarly, the proposals for synthetic fuel production may be difficult to attain, bearing in mind the long lead times involved and the environmental constraints.

On the other hand, the industry was pleased that Mr. Carter is to tackle the web of red tape enmeshing those trying to develop domestic energy. Two omissions surprised London energy analysts, the President's failure to include nuclear power in his package, and the lack of action on bringing U.S. fuel prices more in line with the rest of the world.

Moderates in Sandinista cabinet

BY HUGH O'SHAUGHNESSY

A BROADLY-BASED and politically moderate cabinet has been named by the five-person provisional government council of Nicaragua amid reports that General Anastasio Somoza is to leave the country today.

Sr. Sergio Ramirez, a member of the council, announced in San Jose, the Costa Rican capital, that 18 ministers and six supreme court justices had been named. Sr. Tomas Borges, one of the leading Sandinista guerrilla commanders, is provisional interior minister and the Rev. Miguel d'Escoto, a priest of the Maryknoll missionary order, is to be foreign minister.

The defence minister is to be Colonel Bernardino Larios, a former member of the National Guard who sought to overthrow the Somoza regime last year, and later fled Nicaragua.

The provisional governor of the central bank has been named as Sr. Arturo Cruz, an economist who was till last month working at the Inter-American Development Bank in Washington. The economy minister is to be Sr. Roberto Mayorga, formerly secretary-general of the Central American Common Market. Sr. Joaquin Cuadra Chamorro, a lawyer and economist, formerly of the privately-owned Banco de America in Managua, is to be finance minister. The agriculture portfolio went to Sr. Ricardo Coronel, professional agronomist.

The provisional appointments, and the naming of conservative figures to the supreme court, counters allegations from official and private sectors in the U.S. and elsewhere that the anti-Somoza movement is in the hands of "extremists."

Some of the appointments have not been divulged for fear of reprisals against appointees in Government-controlled areas. A full list was given to Mr. William Bowdler, the veteran diplomat who is effectively U.S. Ambassador to the provisional government in San Jose.

Some reports from the U.S. indicate that the Carter Administration is prepared to let General Somoza settle in Hawaii.

Britain announced yesterday that an RAF Hercules from Belize was to airlift 150 tons of food from Panama to Managua in response to a Red Cross appeal.

Dowty in India aero supply deal

THE Dowty Group has negotiated a multi-million pounds agreement with Hindustan Aeronautics of India, for the supply and licence-manufacture of a range of Dowty airframe and engine equipment items for the Jaguar combat aircraft for the Indian Air Force, writes our aerospace correspondent. The Dowty Group produces parts for the Jaguar, including landing gear, reheat fuel and nozzle control systems for the Adour engines; hydraulic system components; electrical, electronic and sealing products; precision castings and UHF equipment.

Meanwhile Singapore Airlines has signed a $50m loan agreement with a syndicate of banks lead by Morgan Grenfell, the Royal Bank of Canada and the Scandinavian Bank. The loan is Singapore Airline's first approach to the syndicated Eurodollar loan market.

£10m GEC contract

GEC Gas Turbines has been awarded a turnkey contract, including all civil works, worth about £10m to supply a gas turbine generating plant to the Public Power company of Athens for installation at the Lavrion power station situated 40 miles from Athens. The plant consists of two GEC EM610 heavy duty industrial gas turbine generating sets and all associated auxiliary equipment, switchgear and transformers and will be used on base load and peaking generation service to supplement the existing steam turbine power plant at the Lavrion station, a GEC announcement said. The plant is to enter commercial service in early 1980.

Romanian credit

Morgan Grenfell has signed two U.S. dollar buyer credits, each of which is the first dollar buyer credit in the country concerned. A loan of $2.4m has been made available to the Romanian Bank for Foreign Trade to help finance a contract worth $2.9m between Motherwell Bridge Engineering and LSCE Romchim. A loan of $3.5m to Oman will help finance a contract between the Ministry of Electricity and Water in Oman and Mirrlees Blackstone of Stockport. Both loans are guaranteed by the Export Credits Guarantee Department.

Brazil loan

The Ex-Im Bank has tentatively approved a $24m loan and a guarantee covering $12m in private credits towards Brazil's first nuclear power plant, AP-DJ reports from Washington. The agency has since late 1971 approved $110m in direct loans and guarantees for about $78m in private credits for the construction of the Angra dos Reis nuclear power plant on the Brazilian coast between Rio de Janeiro and Sao Paulo. The additional financing was necessary because costs of the project had gone up.

Paper machine to S.A.

Mondi Paper has awarded a contract to Beloit Walmsley, of Lancashire, valued at £20m, to supply a newsprint machine to be installed at Mondi's Merebank Mill in Durban, South Africa. This machine will be the fourth to be installed since commencement of operations in 1971, all of which have been supplied by Beloit Walmsley. Mondi is the principal supplier of newsprint to the South African market.

UK yarn to USSR

British Celanese, a Courtaulds subsidiary, has obtained an order from the Soviet Union for £5.5m worth of yarn. The company announced that the material will be manufactured at its plants near Derby and Coventry. It is the company's biggest order from the Soviet Union in 26 years' trading.

BRITAIN'S LEADING EXPORTERS

BP leads, BL and GEC move ahead

BY GEOFFREY OWEN

BRITISH PETROLEUM was again the UK's largest exporter in 1978. Among non-oil companies BL regained what it regards as its rightful place ahead of ICI and Ford.

Ford's export performance in 1978 was affected by a long strike, while the apparent decline in ICI's figures reflects the hiving-off of IMI towards the end of 1977. Excluding IMI, ICI's 1977 exports were £864m, little different from 1978.

The gap between the top four exporters and the next group of companies is still substantial, but GEC moved strongly ahead last year, rising from seventh to fifth place in the table with an increase in exports of nearly £150m.

This is the seventh year in which the Financial Times has published its annual league table of exporters. It is striking that virtually all the companies which figured in the 1972 list (which contained only 75 companies) have retained their positions; most of them are ranked in 1978 within a few places of their 1972 ranking. There are, however, several newcomers who have moved fast up the list. These include EMI, Fisons, Weir and Blue Circle Industries.

The list is based on figures for direct exports of manufactured goods, as published in annual reports or obtained direct from companies. Except where otherwise stated, the figures relate to the financial year which ended in 1978. It should be borne in mind that a company's exports, especially in capital goods, may fluctuate erratically from year to year because of the timing of contract completions.

The figures given in the table do not give a full picture of a company's contribution to the balance of payments. Not only are imports not taken into account, but the figures also exclude other forms of overseas income, such as royalties and licence payments, which for companies like Pilkington and Rank Xerox are particularly important.

As stated in previous years, it is almost impossible in a list of this kind to avoid some errors and omissions. It is hoped that these will be brought to our attention by the companies concerned.

THE TOP HUNDRED EXPORTERS—1978

Previous year's ranking is given in brackets

		1978 £m	1977 £m
1	(1) Brit. Petroleum	1,259	1,188
2	(4) BL	910	854
3	(2) ICI	856*	936
4	(3) Ford	775	894
5	(7) GEC	665	524
6	(5) British Steel	654	623
7	(6) British Aerospace	487	536
8	(9) Unilever	468	429
9	(8) Royal Dutch Shell	423	440
10	(10) Courtaulds	388	405
11	(11) Massey-Ferguson	364	369
12	(12) Hawker Siddeley	361	295
13	(13) Rolls-Royce	341	285
14	(14) IBM	334	264
15	(15) Distillers	300	245
16	(23) Tube Investments	230†	148
17	(17) Vauxhall	229	195
18	(—) Brit. Shipbuilders	228‡	—
19	(19) Chrysler UK	209	176
20	(46) Esso Petroleum	207	151§
21	(16) BICC	196	213
22	(20) GKN	193	175
23	(22) BAT Industries	175	154
24	(67) Rothmans Intl.	168	67
25	(21) Philips	167	157
26	(25) Lucas	155	140
27	(28) Conoco	153.2	122
28	(52) Babcock & Wilcox	152.7	82
29	(24) Dunlop Holdings	152	141
30	(26) Caterpillar	144	139
31	(18) Inco Europe	140	183
32	(29) Rank Xerox	136	117
33	(30) Ciba Geigy	128	116
34	(35) Thorn	123.9	116
35	(32) Glaxo	123.8	112
36	(38) Plessey	120	94
37	(34) Johnson Matthey	116	110
38	(37) NEI	115	95
39	(36) STC	113	104
40	(39) Turner & Newall	109	94
41	(31) Texaco	105¶	112
42	(47) IMI	102	85
43	(53) John Brown	97.1	75.3
44	(43) RTZ	95.2	89.7
45	(27) EMI	94.4	129
46	(49) Kodak	94.0	83.5
47	(44) Eng. China Clays	93.45	87.4
48	(76) Weir	93.44	57.7
49	(50) ICL	92.4	83.0
50	(42) Intnl. Harvester	90.0	91.0
51	(41) Racal	89.1‖	91.2
52	(40) Albright & Wilson	89.0	91.9
53	(56) Cummins	87.7	72.0
54	(55) Wellcome Fndtn.	87.2	73.0
55	(66) Acrow	87.1	67.7
56	(51) Michelin	85.0	82.6
57	(59) Reed International	84.6	70.6
58	(61) Simon Engineering	83.3	70.2
59	(69) Beecham	82.5	66.2
60	(64) Stone Platt	82.3	69.6
61	(71) Gulf Oil	81.9	64.5
62	(60) Associated Octel	80.7	70.3
63	(48) Mobil	79.9	83.7
64	(68) De La Rue	77.7	66.5
65	(63) S. Pearson	76.7	69.8
66	(65) BSR	75.5	68.1
67	(73) Seagram	74.8	63.3
68	(72) Fisons	73.3	64.5
69	(33) Davy	73.0	111
70	(54) Burmah	72.1	75.2
71	(91) Blue Circle Ind.	69.6	47.4
72	(57) Delta Metal	68.6	71.0
73	(45) Tate and Lyle	67.1	87.0
74	(62) Monsanto	67.0	70.1
75	(77) BOC International	66.5	55.9
76	(78) Du Pont	66.3	55.8
77	(80) Grand Metropolitan	65.5	54.8
78	(75) Booker McConnell	64.2	58.7
79	(99) Metal Box	63.4‖	43.5
80	(—) Vickers	62.9	40.5
81	(74) Coats Patons	62.7	60.0
82	(58) D. Brown Tractors	61.8	71.0
83	(81) J. C. Bamford	61.6	53.0
84	(87) Rowntree Mack'tosh	61.3	49.9
85	(84) Imperial Group	61.0	51.9
86	(98) Rolls-Royce Motors	60.3	45.2
87	(92) Pilkington	60.0	47.2
88	(85) Decca	59.4	51.8
89	(83) Esso Chemical	58.2	52.0
90	(94) Molins	57.9	46.7
91	(90) Arthur Guinness	57.8	48.3
92	(70) Alcan UK	56.7	64.9
93	(—) Polaroid	55.3	42.2
94	(—) Westland	54.7	41.1
95	(96) Assoc. Engineering	54.1	46.0
96	(79) Tootal	53.7**	55.2
97	(—) Berec	53.5	41.9
98	(—) Marks and Spencer	53.2	40.5
99	(—) Dowty	50.9	32.4
100	(—) Borg Warner	50.7	31.7

* 1978 figures exclude IMI. † Including British Aluminium. ‡ Nine month period. § Adjusted figure. ¶ Unaudited. ‖ Calendar year. ** Year ending January 31, 1979.

SAUDI PETROCHEMICALS PLANT

Japan may increase project size

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

REPORTS THAT Japan's Ministry of International Trade and Industry had promised a major increase in the size of a petrochemical complex due to be constructed in Saudi Arabia by the Mitsubishi group caused a certain amount of confusion when they reached Tokyo yesterday.

A spokesman for Mitsubishi Corporation, one of the prime movers in the project said the company "could not confirm" the announcement of Mr. Masumi Esaki, the Trade Minister, that the Saudi complex would have a capacity of 450,000 tons of ethylene per year instead of the originally projected 300,000 tons.

The spokesman said the project itself was still under study so that a firm commitment on capacity would be premature.

The Saudi petrochemical project, which will use locally produced natural gas as its raw material is now the subject of a feasibility study being carried out by Saudi Arabian Petrochemical Development Corporation a Japanese company with 54 corporate shareholders established early this year.

The study is due for completion in about 18 months and the project itself appears unlikely to come on stream before 1984. The Japanese Government is expected to participate in the project but the form of its participation has yet to be decided.

Although an official decision to go ahead with the Saudi project has still to be taken it is felt that Japan has little choice but to go ahead given its dependence on Saudi Arabia as the source of about 30 per cent of oil imports.

EEC urged to boost Third World trade

By Patricia Newby

THE WESTERN world's fear of an "invasion" of goods from the developing world is largely exaggerated, Mr. Francois van Hoek, a director of the European Commission said in London yesterday.

It was of paramount importance that the EEC did everything in its power to maintain and expand trade with the developing world, he told the London Impo Expo 1979 symposium which began yesterday.

Between 1970 and 1978 Community trade with developing countries increased from 29 to 38 per cent, including a 90 per cent increase in trade in manufactures. Developing countries as a group represented the EEC's biggest trading partner with trade three times that of EEC-U.S. trade.

Mr. Shridath Ramphal, Commonwealth Secretary-General told the symposium the developing countries were seeking trade not aid. "It is through trade that the developing countries can earn their way in the world," he said.

Most developing countries were going down the trade road, but it must be a road, not a cul-de-sac, he said. Production was of no value if there was no access to markets.

Mr. Ramphal claimed that protectionism was inefficient, irrational and in the end destructive. It led to stagnation in the developed world and hit at the poorer members of industrialised nations by denying consumers access to cheaper goods. He called on the UK to help lead the EEC and the OECD countries away from protectionism.

Mr. Neil Marten, Minister for Foreign and Commonwealth Affairs, said when opening the symposium that there was danger of protectionism in world recession but the Government was committed to liberalisation of trade.

Optimism on commercial vehicles

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE PROSPECTS for the leading European commercial vehicle industries look more promising for the rest of 1979 and 1980, according to a report from the Economist Intelligence Unit.

The survey suggests that total unit production in West Germany this year will rise by 3 per cent from the 1978 level to 305,000 and by a further 8 per cent to 320,000 in 1980.

The French output is forecast to rise by just under 1 per cent this year compared with 1978 to 400,000 but then add a further 4.7 per cent to 415,000 next year.

The report points out that the major Continental companies have been strengthening their positions as full product line producers.

In West Germany an agreement between Volkswagen and MAN will produce a new group able to offer a full product line in competition with Daimler-Benz.

Iveco, the Fiat-controlled, pan-European commercial vehicles group continues to rationalise its product line. And in France Renault's commercial vehicles business is fully integrating the old Saviem and Berliet companies.

"Motor Business 98"; Economist Intelligence Unit, Spencer House, 27, St. James's Place, London SW1A 1NT.

Ferodo to make radiators in the U.S.

BY TERRY DODSWORTH IN PARIS

FERODO, THE French vehicle components group, is aiming to join the growing list of European motor industry suppliers to establish a manufacturing base in the U.S.

The company plans to begin production of its Sofica radiator range some time next year. It already has available factory capacity in the U.S. following its recent takeover of SOMA, a French-based, heavy-duty transmissions company which has a branch in America.

Radiators have been chosen for Ferodo's first U.S. manufacturing venture because the special lightweight qualities which U.S. car manufacturers are now demanding in their search for new vehicle economy.

The Sofica radiators are made from aluminium and can be assembled without welding.

Like other European manufacturers of vehicle components, Ferodo sees the change in American car manufacturing towards smaller vehicles as an opportunity for European products. This trend has led to the establishment in the U.S. within the last two years of several European groups, including Bosch and Teves of West Germany, and Lucas and GKN of the UK.

Synthetic fuel—dirty, costly, but outside OPEC's control

BY DAVID LASCELLES IN NEW YORK

PRESIDENT JIMMY CARTER'S proposals to boost production of synthetic fuels look sensible given the need drastically to cut U.S. reliance on imported oil. But though the technology to produce these fuels is still in its infancy, scepticism about their prospects was mounting for some time before Mr. Carter delivered his message.

Synthetic fuels are extremely costly, and their economic production price has consistently edged ahead of the energy market. In the 1950s, when oil was $1 a barrel, scientists said synthetics would become economic at $2. Today, with oil at $20 a barrel, synthetics cost $25 and up. Most synthetics also involve environmentally unacceptable mining and "dirty" processing technologies.

Synthetic fuel is a misleading term, since it implies something artificial or manufactured. In fact, it denotes basic fuels like coal and oil, which have been transformed by an industrial process into a more usable form, like oil and gas. It also covers oil shale, tar sands, and even the fuel potential of exotic things like sugar cane, cereals rotting vegetation, and rubbish.

Synthetic fuels are attractive to the U.S. with its vast deposits of coal and oil shale (and access to large tar sands in neighbouring Canada). While U.S. oil and gas will probably run out in the next century at present consumption rates, there is enough coal and oil shale to last hundreds of years, and the U.S. already has spare coal production capacity.

But coal suffers from some well-known disadvantages. It is costly to mine and transport, and dirty to burn. Moreover, it cannot fuel a car and is therefore no replacement for oil.

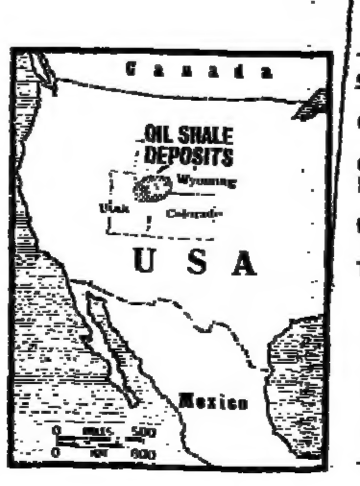
Liquification or gasification of coal is not new. Germany did it during the war, and South Africa has been doing it for years, but on a tiny scale compared to U.S. needs. If Washington were to go ahead with a synthetic fuel programme, it would have to be on a gigantic scale.

Experiments have already started. The government has sponsored pilot projects around the Kentucky and Virgina coalfields, and near Seattle on the West coast, with the participation of large U.S. oil companies and West Germany and Japan. But though Con. Edison, the New York utility, burned some liquid coal last year which passed the local environmental air tests, production is small and very expensive.

Two pilot plants currently under construction will cost over $3.5bn, and the fuel itself costs the equivalent of over $25 per barrel.

Similarly, oil shale faces immense technological and cost problems. The largest deposits lie under a broad swathe of land overlapping Utah, Wyoming and Colorado. Government-sponsored projects are affoot here as well with companies such as Occidental, Union Oil and Gulf.

Air quality laws prevent the open-cast mining of shale, so engineers are working on a scheme to "cook" the shale in situ with vast, slow-burning fires, melt out the oil, collect it at the bottom of the mine and pump it to the surface. The cost of each of these "retort's would be about $1bn, and the resulting fuel would not be economic at less than $25 a barrel, probably a lot more.



Ironically, the greatest advances in alternate fuels in which the U.S. has a stake have taken place in Canada, in the Athabasca tar sands. These huge deposits are being exploited by a couple of consortia involving U.S. and Canadian companies. Commercial operations, however, are only now getting under way after 20 years of research and development.

The process is cumbersome: tar sand has to be mined and treated, to separate the bitumen from the sand, but it is among the more commercially attractive synthetic fuel projects. The cost of oil produced is $16 per barrel, which compares well with crude oil at $20 per barrel.

SYNTHETIC FUEL PRODUCTION TARGETS FOR 1990	
Coal liquefication and gasification	1-1.5m b/d
Oil shale	0.5
Biomass (vegetation, wood, etc.)	0.1
Unconventional gas	0.5-1
Total	2.1-3.1

Source: The White House

The House of Representatives Bill to stimulate production of synthetic fuel envisages a total of 500,000 barrels daily by 1984, rising to 2m barrels daily by 1990.

Other synthetic fuels are unlikely to make much impact. The most widely publicised is gasohol, a mixture of 90 per cent petrol and 10 per cent alcohol, made from crops. But it has been calculated that even if the U.S.'s entire corn crop was diverted into gasohol, it would increase petrol supplies by less than 10 per cent.

Congress (possibly regretting its earlier obstructive stance on energy) has seized on synthetic fuels as one of the answers to the country's fuel problems. The House of Representatives recently passed a Bill to stimulate production of synthetic fuels to 500,000 b/d by 1984 (equivalent to about 2.5 per cent of today's total oil consumption), rising to 2m b/d by 1990.

To achieve this, the Bill provides for loans of up to $50m to finance plant construction, and up to $3bn to enable the fuel to be bought by the Pentagon, the largest fuel consumer over which Congress has any direct power. This Bill now goes to the Senate, and its sponsors are already harking back to the days of World War II when the U.S. made up for a cut-off in rubber supplies by developing synthetic rubber in record time.

But opposition to synthetic fuels is mounting fast. Predictably, environmentalists have complained about the implications of boosting production of coal and shale, even if it is to be processed into something cleaner.

In a letter to the President, the Sierra Club and other lobby groups said last week that Mr. Carter was in danger of being "stampeded by the same panic and ignorance which have driven Congress to impetuous folly." The letter went on to claim that synthetic fuels produce enormous amounts of toxic and cancer-causing chemicals, and noted that no one has yet built a plant even one-tenth of the size of those proposed.

Considerations of size and cost have been taken up by others. The Rand Corporation, in a report on synthetic fuels earlier this month, predicted very large cost over-runs, and hinted that attempts to produce 1m b/d (let alone the 2m Congress wants) by 1990 would probably fail. The report showed that the average cost over-run on synthetic fuel plants was 2.53 times the estimate.

Calculations also show that even if the target of the House of Representatives was reached, synthetic fuels would account for less than 5 per cent of expected fuel consumption in 1990, but would cost at least $100bn to develop.

Ironically, the ultimate decision on synthetic fuels may be taken not by the U.S. but by OPEC. If the oil producers succeed in pushing oil prices up much further, the economics of alternative energy will become more attractive, and large scale development may be possible without Government help. However, if questions of national security prevail, the U.S. may have no choice but to press ahead with synthetics, regardless of their comparative fuel economies.

هكذامن الأجل

GLC bid to bring in 50p road toll

MOTORISTS bringing cars into central London could be forced to pay a toll of 50p per visit, under a plan to be considered by the Greater London Council.

The scheme has been worked out by officials from the council, the London boroughs and the Department of Transport in response ot the capital's growing traffic problems.

It would involve 80 checkpoints at main road entrances to a four square mile area bounded by the River Thames on the south and the so-called inner ring road (Marylebone Road, Euston Road, Pentonville Road and Park Lane) to the north.

The area covered is identical to the portion of central London from which most lorries of more than 42 ft are already banned.

London's transport planners have often toyed with the idea of a toll but politicians have fought shy of it.

Stiff opposition

It is less draconian than the supplementary licensing scheme devised more than three years ago, but it is likely to meet stiff opposition.

The plan should be ready for discussion by a GLC committee this autumn, although Government clearance would probably also be required for its implementation.

The scheme envisages advanced sales of toll tickets at petrol stations. Motorists would then be required to display their tickets as they pass through manned check-points. Those without a ticket would be charged a penalty premium on top of the normal 50p charge.

Tolls would only apply from Monday to Friday between 8 am and 6 pm.

It is estimated that the scheme would generate an annual financial surplus of £7m, after taking into account the cost of 700 extra traffic wardens required to police it.

Mr. Andrew Warren, secretary of Movement for London, a road users' pressure group, dismissed the plan as "totally ridiculous."

BNOC to earmark more crude oil for U.K. refiners

BY KEVIN DONE, ENERGY CORRESPONDENT

THE British National Oil Corporation is planning a substantial increase in the amount of crude oil it will make available to UK refiners over the next 12 months.

The shortage of international crude oil supplies to the British market has forced it to re-think its marketing strategy over the last six months.

As a result it has negotiated reductions in several of its existing export contracts, particularly those entered into with U.S. companies, and it is also aiming to devote to the domestic market a far greater amount of its crude oil entitlement, as North Sea production increases, than was originally planned.

Its original marketing plan, drawn up towards the end of last year, envisaged sales to the UK market of about 130,000 barrels a day in the first quarter of 1979, with only modest increases over the year. For much of 1978 the big oil companies with UK refineries showed little interest in buying relatively expensive North Sea crude, when cheaper foreign crudes were available.

As a result the Corporation entered into several six- to 12-month contracts with overseas buyers to secure outlets for its North Sea crude.

Both the Corporation and UK refiners have been forced to change course, however, since the loss of Iranian crude oil

The Government has expressed clear dissatisfaction with the high level of BNOC exports, but the state oil company claims that it had begun to modify its sales strategy before any pressure was applied by the Department of Energy.

In the first quarter it raised UK sales to about 145,000 barrels a day and in the second quarter this was increased to 165,000 barrels a day.

Excluding the immediate sale-back of some of its crude to UK refiners such as Shell, Esso and BP, called for under-participation agreements, the Corporation was selling some 30-40 per cent of its North Sea crude domestically.

With increasing production and changes in some of its foreign contracts it is aiming to sell up to 275,000 b/d in the UK in the third and fourth quarters of the year. This should account for up to 55 per cent of its available crude.

In the first half of next year UK sales are planned to reach 460,000 barrels a day. This total does not take account of Government royalty oil, which should add an extra 150,000 barrels a day.

The corporation has held on to most of its U.S. customers—no single export contract was higher than 30,000 b/d

Dispute disrupts import figures

IMPORTS OF £20.6bn in the first half of this year were about £900m lower than they would have been without the civil service dispute, which disrupted the flow of information.

After adjusting for these distortions the average monthly value of imports was 15 per cent higher than in the second half of 1978. About three-quarters of the rise was in the volume of imports, with major contributions coming from chemicals and road vehicles.

Total exports were £18.9bn in the first half of the year. This was about 3½ per cent more than in the second half of 1978. But export prices rose more sharply thanks to the appreciation of sterling and the volume of exports fell by 2 per cent.

Sales to Iran and Nigeria have dropped sharply—down on average by roughly £100m a month, or 3 per cent of total exports, during the first half of 1979.

The estimated surplus on invisibles has fallen compared with last year—down from £489m in the fourth quarter to £394m in the first quarter and £330m in the second quarter. This is the result of higher net contributions to the EEC in the most recent three months.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1977		32,148	33,892	118.9	107.2	100.8	−2,791
1978		35,432	36,607	122.9	112.6	105.9	−2,015
1977	1st	7,520	8,466	115.9	108.9	99.1	−781
	2nd	7,921	8,700	117.7	110.7	100.6	−761
	3rd	8,531	8,534	124.6	107.3	101.3	−590
	4th	8,176	8,192	117.3	102.4	102.4	−659
1978	1st	8,408	9,004	119.6	113.5	105.7	−620
	2nd	8,753	8,926	122.2	109.7	104.9	−414
	3rd	9,051	9,418	124.8	114.9	106.1	−501
	4th	9,220	9,259	124.8	112.3	106.9	−480
	Nov.	3,020	3,136	122.5	113.7	107.5	−162
	Dec.	3,127	3,086	126.0	112.5	107.0	−183
1979	Jan.	2,810	2,936	113.0	107.1	107.4	−62
	Feb.	2,565	3,331	100.7	117.0	108.1	−78
	Mar.	3,015	3,304	117.3	115.7	107.4	−97
	Apr.	3,275	3,602	128.4	127.2	108.9	−114
	May	3,437	3,622	133.6	127.8	108.0	−54
	June	3,779	3,828	140.7	132.0	107.1	−42

* ratio of export prices to import prices

Source: Department of Trade

Court call for probe of Chase $2m error

A HIGH COURT judge yesterday ordered an inquiry into what happened to more than U.S.$2m mistakenly paid out by the Chase Manhattan Bank.

The $2,000,687 was paid in July 1974, to Israel British Bank (London) which was ordered to be wound up on its own petition five months later.

Mr. Justice Goulding, giving a reserved judgment after a 28-day hearing, said that Chase Manhattan had been instructed to pay the sum to another bank for the account of Israel British Bank.

By mistake the sum was paid a second time. The error was discovered in time for it to be partially corrected.

Chase Manhattan has started legal proceedings for recovery of the money.

The judge said that when the mistaken payment was made Israel British Bank became trustee of the sum for Chase Manhattan. As Israel British Bank was now insolvent, Chase could not hope to recover the whole loss in the winding up.

The judge directed an inquiry into what happened to the money and what assets, if any, representing the sum, were now in the power or possession of Israel British Bank.

'Pay local politicians'—Labour call

By Paul Taylor

FULL-TIME local authority political leaders should be paid a salary, Mr. Reg Freeson, the former Labour Housing Minister, suggested yesterday.

Mr. Freeson, who was speaking at the Labour party's annual local government school, suggested that paid council leaders—directly elected by the public—would be one way to improve community involvement in local government.

He said that although this would be a "radical departure" it was one which he thought was needed given the much greater burdens of local government today.

Mr. Freeson said the need to enhance the community and involve community and neighbourhood groups more directly in local authority decision making was essential.

He suggested a number of measures aimed to improve community involvement including setting up neighbourhood or urban parish councils, neighbourhood committees in place of specialist sub-committees and a bigger role for elected members in relation to the professionals in local government.

Mr. Freeson also attacked the Government's threat to punish local authorities which use their autonomous powers to spend regardless of Government priorities.

He spoke against any erosion of local authority democracy and re-stated the Labour party commitment to limited local government re-organisation transferring some powers from the counties to the district councils.

On regionalism Mr. Freeson promised that a future Labour government would advocate "an evolutionary approach" towards developing a "regional presence" co-ordinating government departments and agencies together with some county council functions and the work of the economic planning councils.

The economic planning council's themselves could have more members directly elected by local government and Mr. Freeson suggested that in the longer term constitutional changes should be considered which would turn the councils into provincial councils—as proposed by the Redcliffe Maud Commission—perhaps elected by the district councils.

Price Waterhouse and top Arab firm end partnership

BY BARRY RILEY

TALAL Abu-Ghazaleh International, which claims to be the biggest accounting firm in the Arab world, is to end most of its links with the major international firm of Price Waterhouse. After June 30 next year, the two firms will maintain only certain limited forms of mutual co-operation on a non-exclusive basis.

The joint firm of Price Waterhouse Abu-Ghazaleh, set up in 1974, will continue in practice until next June. After that the two firms will operate under their own names. Mr. Talal Abu-Ghazaleh will relinquish his position as partner in Price Waterhouse International.

So ends a relationship once described by Mr. Abu Ghazaleh, a Palestinian, as "the most beautiful example of partnership between the Arab world and the Western world."

Future co-operation will continue on the basis of mutual arrangements for work referral and joint audit appointments in certain circumstances. There will also be co-operation on technical matters and training programmes.

But TAG stated yesterday "While maintaining a strong and amicable relationship with Price Waterhouse International, Talal Abu-Ghazaleh and Co. is now free to establish links with other international accounting firms."

Mr. Michael Coates, senior partner of PW's UK firm, commented: "We have found that to some extent the type of clientele differs. We are tending towards serving the international market, while Talal Abu-Ghazaleh is serving national clients.

"The joint relationship has served us very well in many respects. We have gained operating experience in the Middle East. It has enabled us to find our feet."

New offices

Recently PW has had four partners and 14 or 15 managers situated in TAG offices in the Middle East. Now PW will establish its own offices in five centres. One will be in Saudi Arabia—probably Riyahd—and the others will be Cairo, Beirut, Bahrein and Dubai.

The firm will also be ready to carry out work elsewhere, especially in Kuwait and Abu Dhabi. "We will be able to handle whatever work present and future clients require of us," said Mr. Coates.

Jackie Stewart plea to MPs on seatbelts Bill

JACKIE STEWART, former world motor racing champion, yesterday urged MPs to back a seatbelts Bill when they debate it this week.

He told an audience of MPs of all parties in London that he was sure the public wanted "This very sensible precaution."

With the odd exception, motorists everywhere would feel that it was no more an infringement of personal liberty than the requirement to stop for a red light or observe a speed limit.

He said: "The similarity is exact. If you don't stop at a red light then you are not only a danger to yourself but you risk killing or injuring a perfectly innocent party and the same thing is true of seat belts.

"If you are knocked unconscious when a belt would have kept you in control and you take the side off a school bus, then I say you are just as guilty as if you had gone through a stop light."

Jackie Stewart is a director of Britax, manufacturers of seat belts, but he said there was no extra market to be gained for his firm by compulsory wearing of belts, because virtually all cars had them fitted.

Until May's General Election the pro-seat belt lobby was fairly sure of success in the Commons but the new MPs, mostly Conservatives, are an unknown quantity in this fifth attempt—on Friday—to make wearing them compulsory.

State's £53m stake in car project 'like charity'

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT'S decision to invest £53m in the De Lorean sports car venture in Belfast was yesterday described as "more like charity" by Dr. John Watt, who was managing director of the former Northern Ireland Finance Corporation.

Dr. Watt, who resigned in 1974 from what was the forerunner of the present development agency, said a project like the De Lorean plant would be enormously difficult to appraise.

On a BBC Radio 4 programme which examined the venture he said: "It takes a considerable amount of time, effort and expertise. My experience is that an appraisal would take at least six months. It was completed in 45 days. I do not see how it could have been done."

Dr. Watt, one of the originators of the Strathearn Audio hi-fi venture in Belfast which eventually closed, said the De Lorean project would not have got off the ground in the days of the Finance Corporation.

The Government's support for the plan to assemble the 30,000 gull-winger sports cars a year in Belfast, providing up to 2,000 jobs, has received similar criticism before.

But it was strongly defended in the programme by Mr. John de Lorean, the former General Motors executive who heads the company and by Mr. Giles Shaw, the Ulster Under-Secretary.

Mr. Shaw said it was a high-risk project but had "a viable marketing opportunity" ahead of it.

Mr. Shaun Harte, a director of the development agency which has a stake in the venture said most of the criticism was made in ignorance of the facts.

Technical research and investigation had been vital but he admitted that Mr. de Lorean's impressive personality and outstanding record in the automobile industry had enabled the agency to take a greater risk than it would have taken "with a lesser man."

Coal Products loses staff

COAL PRODUCTS, a subsidiary of the National Coal Board employing 260 people, will lose about half its skilled staff following the decision to move the company from Harrow to Eastwood, Notts.

Interviews have been taking place with the staff since it was decided in May to relocate the company, despite strong union opposition.

CONTRACTS

Joint venture to supply water

A £5m CONTRACT for water supply to Nairobi has been awarded by the city council to FAIRCLOUGH INTERNATIONAL CONSTRUCTION, in joint venture with a Kenyan company, W. GREENHUT CONSTRUCTION. The project includes a tunnel 3 metres high and 3 km long, with a dam and intake works across the River Chania. Work is to be completed in two years.

★

LONDON TRANSPORT'S plans for a new automatic fare collection system for the Underground are taking shape with the appointment of WESTINGHOUSE CUBIC to undertake the detailed engineering design of the system. This will include ticket machines, gates and a communications network, as well as setting-up a prototype system. The first stage should be completed by the end of 1980, and the contract is worth about £4m.

On completion of the first stage, and subject to London Transport obtaining approval to go ahead, the contractor will arrange for manufacture and testing of all the equipment and be responsible for implementing the system, which is planned to be completed by the mid 1980s.

Westinghouse Cubic is owned jointly by Westinghouse Brake and Signal Co. (a Hawker Siddeley company) and the Cubic Corp., of the U.S. The detailed engineering design will be carried out in the UK.

★

CONTRACTS totalling over £1.2m have been won by N. G. BAILEY AND CO. The work, involving complete electrical installations, includes factory units for Peterborough Development Corporation; various stores; extensions to Worksop Town Hall; and industrial projects for the British Steel Corporation and the National Coal Board.

★

MARCONI has won a £750,000 contract from the Post Office for radio equipment which will enable men on North Sea oil rigs to dial direct into the telephone system.

The link, for the Shell Fulmar platform, will be the longest system so far provided for the offshore oil and gas industry.

It uses a system known as tropospheric scatter by which radio waves are bounced off turbulence in the upper atmosphere. The signals will be picked up 280 km away from the oilfield at a terminal near Fraserburgh. The service link is to be completed in autumn 1980.

★

WALTER LAWRENCE AND SON is refurbishing 54 University College Hospital flats in Huntley Street, London WC1, under a contract valued at over £650,000. Work should be completed by March, 1980.

★

EASAMS (GEC-Marconi group) has been awarded a contract for a human factors study of the design for the control room on the North Cormorant production platform. The contract has been awarded by Shell UK Exploration and Production, acting as operators for both Shell and Esso in the North Sea. No figure was revealed.

★

Glazing contracts worth more than £100,000 have been awarded to the Cardiff branch of JAMES CLARK AND EATON. Orders include supply and installation of armour plate doors for the new Quadrant shopping precinct at Swansea, roof lights in the Cardiff Llandaff Technical College, anti-sun and laminated glass for the Swansea bus station and armour clad curtain walling to staircases at Lemons, Treforest.

'New Act needed' to save open spaces

Financial Times Reporter

HUNDREDS OF acres of common land could be taken over by commercial organisations because of a loophole in an Act designed to protect them, a watchdog society claimed yesterday.

Though claims to common land by several organisations have not yet succeded the Commons, Open Spaces and Footpaths Preservation Society fears that the Commons Registration Act, 1965, will be exploited "contrary to the intention of Parliament."

The society is stepping up a campaign to have a Private Member's Bill reintroduced. Mr. Arthur Blenkinsop's Access to Commons and Open Country Bill in 1978 was lost when Parliament dissolved before the election this year.

Liaison call

The society is asking county councils to liaise more closely with it when a company or organisation seeks to de-register common land.

New legislation is the only effective way to keep common land intact, it says.

"The 1978 Bill would mop up any discrepancy in the 1965 Act, which provides for amendments where land registered under the Act "ceases to be common land or a town or village green."

Zebra and Springbok go under the hammer

THE NEXT auction to be held by Sotheby's in South Africa sees the firm offering some unusual merchandise — springbok, zebra and giraffe.

It is their first attempt at a sale of live game. "In 240 years Sotheby's has never done anything like this," says Mr. Reinhold Cassirer, managing director of the South African operation.

The auction site is out on the veld, over the Vaal River from Johannesburg, in the Orange Free State. The bidders on Thursday will be sitting on bales of straw, and the auctioneer, not quite on the back of a lorry, but on a rather rudimentary wooden platform.

The setting has a certain romantic quality, a clearing in the heart of a plantation of oak trees, on the Estate Maccauvlei

Under the eaves of the oaks—an oddly British touch, some 6m were planted on the estate at the turn of the century—long lines of pens have been tastefully constructed out of rough branches and white

SALEROOM

BY QUENTIN PEEL

plastic sheeting. Prospective buyers may walk along a precarious raised gangway to look down on the merchandise, which also includes eland, wildebeest, duiker, and several families of once-imported fallow deer.

The occasion has caused considerable excitement, and some trepidation, both at Sotheby's and for their client, which in this case is the farming enterprise of the giant Anglo American mining empire.

To celebrate the occasion both the Earl of Westmorland and Mr. Graham Llewellyn, the company's deputy chairmen, are flying out from London.

Porcupines

The idea is to lay the foundation for a major annual game auction in South Africa, to cater for the rapidly growing industry of game farming, both there and overseas. The sellers plan to have between 500 and 600 animals available for auction, including a few specially-reared pheasant, and a handful of porcupines as a novelty.

"Game farming in South Africa is on the verge of a terrific expansion," according to Mr. Arthur Penberthy, general manager of Anglo American's Soetvelde farms. "Beef is going to become more and more expensive, and there is great potential in the export market."

Another attraction is the lack of running costs: stock a farm with game, and all you need provide is the occasional lick of salt to supplement the diet.

As for the price you might expect to pay for an animal, the range is from R100 (£53) for an impala to R900 (£480) for a waterbuck. The giraffe, brought in on a flat-bed lorry from Namibia, may go for up to R1,000 (£530) or more. All told, gross turnover could top R150,000 (£80,000).

As for the auction itself, Sotheby's naturally hopes the bidding will take care of itself. "Usually at Sotheby's we adopt an austere approach to auctioneering," said Mr. Stephan Welz, their auctioneer in Johannesburg. "This time it's going to be different. We are going country. My style will be far more informal and mostly in Afrikaans."

Winter air fares to Spain cut by 40%

By Our Aerospace Correspondent

BOTH BRITISH AIRWAYS and Iberia, the Spanish airline, are to cut fares to Spain by up to 40 per cent this winter.

From November 1, it will be possible to fly from London to Malaga for £88.50 return, compared with the cheapest scheduled return fare now available of £148.

Other examples of the cuts include: Barcelona (from London) £89 return, against £106; Bilbao £82.50 return against £99; and Madrid £112.50 return against £134. Corresponding cuts will be available from UK provincial airports to Spain.

These new public excursion fares will be available on all scheduled services. No advance booking is needed. Passengers may stay between one and 13 weeks at their destination.

The cuts follow British Airways' plans to reduce fares in Europe progressively. It has already introduced cheaper rates to other countries, including France and West Germany.

'Too little money spent on energy conservation'

BY MAURICE SAMUELSON

THE EEC COMMISSION has spent too much money on solar energy research compared with the amount spent on conservation of conventional fuels, a House of Lords select committee report said yesterday.

Resources allocated to the commission's four-year-old research programme had been surprisingly low and its progress too slow. In the next four years, almost half the £85m research budget would go on solar power, compared with about £17m on conservation, says the report by the Lords European Communities Committee.

Only three or four full-time officials at the commission were working on its energy conservation team.

The precise role of the commission's four-year-old rational use of energy programme remained obscure. It was recognised that "overwhelming responsibility" lay with national governments and the EEC had not yet become a distinct and effective forum for discussion.

The EEC's legislative programme had been thin and Sir William Hawthorne, chairman of the UK advisory committee on energy conservation, had argued that EEC proposals on the labelling of domestic energy consuming appliances had, if anything, delayed the introduction of a UK labelling requirement.

Should the commission's proposals be accepted by the EEC Council of Ministers, solar energy, "which is unlikely to make any major contribution in the short term," would be allocated nearly 50 per cent (58m units of account) of the funding of its second four-year energy programme.

Energy Conservation, third report of the House of Lords Select Committee on the European Communities (SO).

London Transport revenue grant to be maintained

BY OUR TRANSPORT CORRESPONDENT

THE GREATER London Council has rescinded a move to cut £18m off London Transport's revenue support grant next year.

Mr. Alan Greengross, leader of the council's planning committee, said the budget had been changed to take into account higher than expected pay awards and increasing fuel costs.

He hoped the revised level of support would enable London Transport to keep fare increases next year in line with the general level of inflation.

The proposed £49m revenue grant, which is the same as this year's grant, represented "a reasonable and above all an achievable target," he said.

The figures emerge from the council's proposed transport budget, which envisages spending £273m in the financial year 1980-81 and 1.58bn in the next five-year period.

The council's planning committee will also consider tomorrow an alternative "base" programme for spending of £257m next year and £1.4bn in the five year period. The final figures will depend on the Government's response to the programme.

The decision to maintain London Transport's fares support grant at its present level represents an about-turn in the ruling Conservative group's thinking about transport in the capital.

Elections

When elected two years ago, Mr. Horace Cutler, the council leader, told London Transport bluntly that it must improve productivity in order to operate on a tapering level of revenue support.

However, with council elections due in May 1981, the Conservatives are keen to avoid forcing London Transport into a series of large fare increases next year.

Fares went up by an average of 7.5 per cent in July and are to go up again by 12.5 per cent in September.

The GLC's transport programme also demonstrates that its leaders have still not lost hope of winning Government support for extending the Jubilee Line eastwards from Charing Cross.

A figure of £12m is included in the programme for a start on the new underground line and for construction of the Woolwich Tunnel, which would be used by both British Rail and the Jubilee Line when extended into docklands.

The proposed expenditure of £273m is broken down into £49m for London Transport revenue grants; £79m for LT investment; £80m for borough council schemes; £53m for roads traffic management (of which £28m is earmarked for road building) and £12m for the Jubilee Line and Woolwich Tunnel.

Farmers fight City for £3.5m estate

BY CHRISTOPHER PARKES

A £3.5M tussle for possession of one of Britain's oldest agricultural estates is expected this summer between City institutions seeking sound investments for their portfolios and the present tenants of the land whose families have farmed it for generations.

The 2,700-acre Hough on the Hill estate, Lincolnshire, which incorporates five let farms and a further 224 acres of land with vacant possession, is being told to meet capital transfer tax payable following the death last year of Lord Brownlow.

The tenants, including one family which has worked a farm on the estate for five generations and another which has been there for more than 100 years, are co-operating to raise the funds to buy the farms for themselves.

Since the agents, Savills, which is working with Escritt and Barrell, expect "well in excess of £3.5m" for the estate which is being sold as a whole, bids from private individuals are not expected.

Pension funds, insurance companies and similar institutions will probably be extremely interested, since the estate is largely good-quality land growing grain, sugar beet and potatoes in an area already popular with such buyers.

The estate is being sold by private treaty as opposed to auction, an agent's spokesman said. Institutions do not like to carry on their activities in public.

One of the tenants said the families on the land at present would have no trouble finding the funds for their bid which is expected to be assessed with the others early in September.

The estate had been in Lord Brownlow's family's possession since 1743 when Sir John Cust, Speaker of the House of Commons, married the daugher of the High Sheriff of Lincoln. Their son, later Lord Brownlow, was born a year later.

Call for cut in price restraints

By Maurice Samuelson

BASIC industries in developed countries must be relieved of restraints on prices, profits and planning if investment is to revive in the next 20 years. Otherwise, investment in new plant will not be able to meet expected levels of demand, and there will be a decline in production and job opportunities.

This is the bleak conclusion of a paper prepared jointly by research organisations in the U.S., UK and Canada.

It found that investment was being held back by the exceptionally high cost of new projects when measured in terms of units of output. For a group of ten basic industries surveyed, these costs were growing on average at more than three times the relevant inflation rates during the 1970s.

It blamed a "quantum leap" in the costs of gaining approvals for projects and of constructing and financing new plants.

Investment would only revive if the price of new products could be relied upon to show a return on the investment high enough to justify new plant. "Where profit levels and returns on investment in basic industries are inadequate to justify new plant construction, they will need to be improved by acceptance of rises in prices sufficient to provide the necessary incentive," the report says.

New Investment in Basic Industries, published by the British-North American Committee; sponsored by the British-North American Research Association (UK), National Planning Association (U.S.), and C.D. Howe Research Institute (Canada); 60p, $1.

Manx brief suggests firm financial future

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE ISLE OF MAN has the basic ingredients for a successful economic future, according to a business brief prepared by the island's government.

But since the economy is highly susceptible to outside influences, development will depend very much on "the growth and the ability of our trading partners to overcome their basic problems."

Growth, however, depends on availability of labour. The island is seeking to control an increase in population so that the needs of industrialists do not conflict with the quality of the environment.

There is a strong feeling on the island that the industrial base should be widened because a considerable part of the surge in the economy over the past decade has come from the financial sector. This now accounts for just over 29 per cent of national income, more than double the share of manufacturing industries, and is growing fast.

This is the central point of A Businessman's Briefing 1979, one of the two publications brought out by the Isle of Man Government yesterday. Introducing the booklet, Mr. Ken Bawden, secretary to the industrial advisory council in Douglas, says. "There has been a growing demand for a publication which can give incoming businessmen an outline of our government and economic activities."

The guide forecasts that the island is likely to remain a scheduled territory but that its fiscal autonomy will become more sharply defined as a result of the rethink which is going on over the collection of indirect taxes, and especially VAT.

There are strong objections on the island that it should have to comply with the 15 per cent UK rate of VAT.

The second booklet, produced by the Manx Treasury, is the annual Digest of Economic and Social Statistics. National income on the island is now £118.7m, of which £8.47m comes from abroad.

Mr. John Webster, senior economist, says: "Demand has been very buoyant and this has led to increased economic activity, higher incomes and a level of unemployment that has never been lower."

The Isle of Man: A Businessman's Briefing. From the Industrial Office, Douglas. £2.

Isle of Man Digest of Economic and Social Statistics, 1979. From the Treasury, Douglas. £2.50.

● Ronaldsway Aircraft Company is the largest concern on the Isle of Man. It makes components and assembles ejector seats for the Martin Baker company as a sub-contractor but there is no financial link between the two concerns.

Call for higher child benefits

FINANCIAL TIMES REPORTER

PROFESSOR David Donnison, chairman of the Supplementary Benefits Commission yesterday called for higher child benefits to improve the living standards of low-paid families.

Professor Donnison told the annual meeting of Age Concern that the commission was particularly concerned about families with children because they had been hard-hit by rising prices, tax changes and benefit changes over recent years.

He said that better standards for the low-paid with children were a pre-requisite for higher unemployment benefits because society was anxious that no-one out of work should get more money than someone in work.

Professor Donnison said that although the Government was committed to restraining public spending and the role of the public sector, changes in the legal structure of the supplementary benefits scheme, for example equality for working women claimants, could imrove the system.

He repeated his call for a simplified supplementary benefits scheme to help the one-in-four people who, although entitled to benefits, are not at present claiming them.

Professor Donnison also supported the call for greater involvement by local voluntary groups in the provision of social services.

● The Scottish National Party yesterday claimed that both central and local government had failed to come to grips with the problem of poverty in Scotland and gave a warning that the planned cuts in public expenditure would be a "social catastrophe" for the majority of people in Scotland.

Mr. Stephen Maxwell, party vice-chairman, said attempts by both tiers of government to eradicate poverty in Scotland were like "putting a sticking plaster on a gaping wound." A party document on deprivation in Scotland claims that poverty is a way of life for many people in Scotland

Cut in Norway ferries a blow to Tyne tourism

THE NORTH-EAST tourist industry, heavily dependent on visitors from Norway, has been dealt a blow with the announcement that the Olsen-Bergen line is to cut its winter Sea Link services to Tyneside.

More than 20,000 Norwegians usually visit Newcastle upon Tyne in the winter months, spending heavily in department stores and using the city as a base for touring the North-East.

The Olsen board said the decision was because of unacceptably high costs, due mainly to increased fuel bills and reduced passenger demand. The company estimated that it would have finished with a £1m deficit if the winter service, involving 60 ships, was continued.

London given £14,000 shine

NINE HISTORIC buildings in London—including a superb example of English baroque architecture, Christ Church Spitalfields—will benefit from Greater London Council grants totalling more than £14,000. The money will go towards the cost of essential repair work to the buildings such as renovating the interior of Christ Church and re-roofing the Market House at Uxbridge.

Howe welcomes support

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, Chancellor of the Exchequer, has been impressed since the Budget by "the number of people of all kinds and jobs who have enthusiastically endorsed what the Government has begun to do."

During his recent visit to Tokyo for the economic summit, Sir Geoffrey noted that the British business community was "beginning to sing a different song." They were saying it would be difficult to get good people to come out and not to go home. In the past it had been the other way round.

These comments were made in a lengthy interview on LBC radio (London Broadcasting). Sir Geoffrey discussed the Budget, tax and pay prospects.

He pledged that the Government had no intention of further raising VAT from its present level of 15 per cent. However, the yield from the higher VAT this year will be only about half the yield in a full year. The scope for raising revenue from other taxes may be examined and there would be further public expenditure economies. Consequently the Government is hopeful of going on to make further reductions in the burden of direct tax.

On pay, Sir Geoffrey said discussions between the bodies most concerned should involve "a wider acceptance of the sort of limits in which bargaining should take place."

Footwear group picks president

THE Clothing and Footwear Institute has chosen its first president since it merged with British Boot and Shoe Institution on May 31.

He is Mr. Edward Rayne, who was invested as president at the Institute's general meeting in Hendon, North London yesterday. Mr. Rayne has been chairman and managing director of H. and M. Rayne since 1951, and president of the British Boot and Shoe Institution since 1972.

● NEWS ANALYSIS—PRIVATE COAL OPERATORS

New company's 30 sites

BY JOHN LLOYD

THE expected bid last week for Mining Investment Corporation by Burnett and Hallamshire, the private mining and construction group, will make the new, joint company by far the largest private coal operator in the country.

The private sector is a dwarf beside the giant of the National Coal Board, providing some 1.2m tonnes of privately sold, but tightly controlled, coal each year, compared with the board's 120m tonnes.

Section 36 of the 1946 Act which nationalised the UK's coal mines provided for private participation in deep mining, where the mines had no more than 30 mineworkers underground.

The dispensation was made partly because it was recognised that the NCB would not wish to work small reserves which might be attractive to small, even one-man operators, and partly because mineworkers themselves often identified workable outcroppings and wished to preserve the flexibility to exploit them.

Though small, the industry has proved profitable enough. Its fortunes are determined by the general price of coal, which in turn is regulated by overall energy prices, especially the price of oil.

The recent sharp rise in the oil price has meant that coal has been able to raise its prices twice in the past six months by a total of about 22 per cent.

While this has provoked protests from the Central Electricity Generating Board, the NCB's largest customer, oil is so scarce that the CEGB has no choice but to pay. It will double its imports of coal to about 3m tonnes—but even so, it needs every tonne of domestic coal the mines can produce.

The result is, as Mr. George Helsby, Burnett's managing director, said yesterday, that profit margins in all the energy industries have risen considerably in recent months. Both the Mincorp deal, and the recent acquisition by Burnett of an oil distribution company, now appear to have been very good moves indeed.

The new company will have some 30 operating opencast sites, and one drift mine, the Wedgwood Colliery, Staffordshire. Mr. Helsby reckons total production will be over 1m tonnes a year, a large proportion of that being produced for the NCB. It will also have almost as many sites in various stages of applying for planning permission.

A second benefit to both companies is that the 1,000 acres of land presently held by Mincorp offers golden opportunities to Burnett's two subsidiaries in its construction division, Camm (B and H) and Hallamshire Industrial Estates.

Mr. Helsby sees the division's turnover rising from its present £9m to £10m level to double that over the next five years.

For Mincorp, which has mining interests of various sorts in Nigeria, Canada and South Africa, the deal will offer the strength and reserves of a rather larger company, together with achieving licensed status for its coal holding. Burnett is already a licensed coal operator with the NCB, while Mincorp is not. Future applications for licences to work specific sites are thus expected to be granted more smoothly.

Mr. Helsby does not see large-scale expansion in the new group's coal interests, but expects that the most immediate advantage will be in the higher quality mix of coal it will be able to offer to its customers, since it is now able to draw on a wider choice of outputs.

Both companies believe that the times are propitious for their merger. Like the NCB, they look to benefit from the vagaries of OPEC.

EEC Budget demand 'intolerable'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN'S net contribution to the proposed EEC Budget for 1980 is likely to be in excess of £1bn, a figure which **Mr. Nigel Lawson**, Financial Secretary to the Treasury, last night condemned as "quite frankly intolerable."

Mr. Lawson said that the European Commission had already brought forward one rectifying letter increasing the size of the draft Budget. A further rectifying letter proposing another increase was possible in the autumn.

The Minister was speaking in a Commons debate on the draft Community Budget for next year. *On Monday*, he will be attending the EEC Budgetary council meeting which discusses the draft proposal.

He told MPs that it was undesirable that any EEC member state should suffer a Budgetary loss on the scale of that being proposed for the UK.

"It is certainly wholly wrong that the UK—one of the poorer members of the community—should be doing so," he added.

Throughout his speech, Mr. Lawson emphasised that it was the net figure, rather than the gross, that was causing the Government such concern.

Britain's opposition to the proposals *did not mean that* the Government believed that each member of the Community should get out precisely what it paid in.

"But it does mean that the present situation cannot be allowed to continue," he declared.

On behalf of the Government, Mr. Lawson accepted an amendment put down by the Opposition, criticising the UK's "massive and ever increasing" net contribution to the Budget.

The amendment called on the Government to press for fundamental reform of the Budgetary arrangements so that Britain's contribution was no greater than its receipts.

From the Labour front bench, **Mr. Denzil Davies**, an Opposition Treasury spokesman, said that unless Britain received a better deal on the Budget we should give notice that we would take unilateral action to put matters right.

One way of doing this would be to announce that we intended to reduce our contributions gradually on a specific time scale.

"There is going to come a time when the British people are not goin gto fork out money—£1bn or more—without getting any appreciable benefit," declared Mr. Davies.

Mr. Davies said that Britain's £1bn towards the Budget was quite simply a matter of increased Government expenditure. Ironically, this came at a time when the Government was pledged to cut spending.

Opening the debate, Mr. Lawson said that the UK's gross contribution for 1980 in the Commission's original proposal would amount to just over £2bn.

But that would not be the figure at the end of the day. The rectifying letter which the Commission had issued would increase the total budget by a further 8.75 per cent and add £155m to the UK's gross contribution, bringing it to £2.2bn.

However, what really mattered was Britain's net con*tribution* which was *arrived* at after taking our receipts from the Budget into account. On the basis of existing policies, this would be above £1bn.

The Government would take every opportunity to impress on our Community partners the seriousness of the problem and the need for "substantial, rapid and lasting relief."

In particular, the Government would draw attention to the deficiencies in the existing financial mechanism under which Britain received refunds on its contribution in certain circumstances. The existing mechanism was quite incapable of meeting our needs.

Restrictions built into the mechanism limited the size of any refund the U.K. was likely to obtain. Yet, at the moment, expenditure from the Community Budget was only about £10 per head in Britain compared with an EEC average of between £25 and £30 a head.

Even on the most favourable assumption, we would qualify for a refund of only one quarter of our net contribution. But this would be on condition that we were in a balance of payments deficit in the two preceding years.

As this condition was unlikely to be met, Britain's net refund would diminish to a mere £30m.

Mr. Lawson criticised the overwhelming bias in favour of the Common Agricultural Policy. Although the changes to the CAP could *help us*, it could not provide a realistic solution to our Budgetry problem.

Many member states would fiercely resist any attempt to cut back drastically on the CAP. Yet without a drastic reduction, we could not hope to reduce our contribution to an acceptable level.

Emergency debate on Shotton

AN EMERGENCY Commons debate on the closure of the Shotton *steelworks in North Wales* will be held today, **Mr. George Thomas**, the Speaker, ruled yesterday.

His decision, which will give Labour MPs their first chance to launch a big attack on the Government's industrial policy, followed an application from Labour backbencher **Mr. Barry Jones**, whose East Flint constituency includes the steelworks.

All Labour MPs present and Tory Sir Anthony Meyer (*Flint W*) stood to support the appeal for an emergency debate.

Mr. Jones, a leading critic of the Government after Sir Keith Joseph's Friday statement on the closure, accused the Government of acting "in a brutal, pitiless, and savage manner."

"They are sacrificing Shotton on the altar of free market economics," he said. "Many steelworkers will face life on the dole if these proposals go ahead."

Latest figures suggested that redundancies following directly from closure might top 7,000, rather than the 6,300 he had originally suggested.

Companies granted additional time to change their names

BY IVOR OWEN

COMPANIES REQUIRED to change their names under *the terms of the Companies* Bill now before Parliament are to be permitted a longer transition period than the six months originally proposed.

This was announced by **Lord Lyell**, a Government spokesman, in the House of Lords last night when the difficulties which many companies would have faced under such a timetable—including the possibility of prosecution for trading under misleading names—were again stressed by **Lord Mottistone**.

Lord Lyell said consultations with the interests concerned had left the Government convinced that the six months period would have caused industry "significant problems."

The precise amendments to be made to the Bill were still under consideration and would be introduced during its passage through the House of Commons.

Lord Lyell indicated that the Government was thinking in terms of a 12-month period for the changeover insofar as the headings on business stationery were concerned.

But he recognised that 12 *months was unlikely to be long* enough to cover the problems associated with the use of names on labels on medicinal and similar products.

He said the Government recognised that some medicinal and pharmaceutical products had a long lead time for production and that some time elapsed between the product being sold and its appearance on retailers shelves.

A significantly longer period would be necessary in this area and the Government was examining the possibility of as long an interval as three years.

Lord Lyell told peers that the Government was also considering whether the offence involving prosecution for trading under misleading names might have been too widely drawn

Lord Lyell assured the House that the Government wanted the hcangeover from the old to the new names to be carried through as smoothly and efficiently as possible.

Before the completion of the report stage, **Lord Elwyn-Jones**, the former Labour Lord Chancellor, renewed Opposition criticism of the Government's failure to include provisions in the Bill dealing with insider trading and loans to directors.

He warned the Government to expect even stronger criticism when the Bill reached the Commons — criticism all the more justified when the Government was contemplating highly controversial legislation on industrial relations law.

Lord Elwyn-Jones foresaw "a great deal of trouble" for the Government through its refusal to deal with the "company scandal" while insisting that it was necessary to legislate on industrial relations.

Extra cash

Peers last night followed the example set by the Commons last week by approving expenses up to £36 a day in future. Lords who have to stay overnight in London will be able to claim an allowance of up to £18.50. There will be a daytime subsistence allowance of £9 and general office expenses allowance of £8.50.

Joseph postpones statement

By Richard Evans, Lobby Editor

FOLLOWING THE personal intervention of the Prime *Minister*, Sir Keith Joseph, Industry Secretary, agreed to postpone his major statement on regional aid to industry yesterday to make it personally to the Commons today.

Mrs. Thatcher insisted on the move on the advice of Mr. Michael Jopling, the Chief Whip, when it had become apparent that the Government *faced blistering* criticism over the statement and the method of its presentation from both Conservative and Labour MPs.

Sir Keith had intended to announce his wide-ranging cuts in regional aid, amounting to around 20 per cent, by written Parliamentary answer, because of length and complexity, and then to hold a Press conference.

But this had the key drawback of not allowing MPs an opportunity of questioning Sir Keith on proposals that could vitally affect their constituencies, and just three hours before the statement was due to be made the operation was called off.

The whole extraordinary muddle amazed experienced MPs and once more called into question the political sensitivity and judgment of Sir Keith, who has in the past misjudged the mood of MPs.

The issue also illustrates the vulnerability of the Government to Parliamentary pitfalls, despite its substantial majority.

Ministers have already been embarrassed by their forced compromise over MPs' pay, but that would have been nothing to the row that would have ensued, had Sir Keith gone ahead with his original plan.

Warning signals were received by Mr. Jopling from MPs yesterday morning and he quickly made soundings among Government colleagues by telephone before informing the Prime Minister of the dangers.

Mrs. Thatcher moved swiftly by instructing the Industry Secretary to change his plans.

It was stressed last night that there would be no change in the substance of Sir Keith's lengthy statement today, and it remains the Government's intention to allow a day's debate on industrial policy before the House rises for the summer recess at the end of next week.

But before the recess, Ministers have a long list of statements to be made, including farther announcements of policy from Sir Keith on the future of the National Enterprise Board, the shipbuilding industry, and the Meriden co-operative.

Other statements are due on the Royal Commission report on the National Health Service, and on the Government's proposals for accepting Vietnamese refugees.

Missing Cardinal

THE MYSTERY of the missing portrait of Cardinal Newman, the distinguished 19th century English prelate of the Roman Catholic Church, was solved in the Commons yesterday.

The portrait used to hang on the wall of the Commons committee room floor.

Mr. James Hamilton (Lab., Bothwell) wanted Arts Minister Norman St. John-Stevas, a fellow Catholic, to tell him where it had gone.

Mr. St. John-Stevas had to confess. "The picture is hanging in my room where it appears to be very happy," he said. Any MP who wished to "pay a pilgrimage to see it" would be welcome.

Gas inquiry

THE WAY specifications for nerv gases are available to the public in patent libraries is to be investigated by Arts Minister Normn St. John-Stevas.

Corby steelworkers plan to go on 'war footing'

BY GARETH GRIFFITHS, LABOUR STAFF

UNIONS at Corby steelworks, Northants, plan to put themselves "on a war footing" to fight the proposed British Steel Corporation closure, the plant's joint action committee said yesterday after a meeting with Sir Charles Villiers, the BSC chairman. Mr. Bill Homewood, Labour MP for Kettering, was present.

It looks very doubtful whether Friday's planned meeting between unions and management at Corby on the closure will take place.

Mr. John Cowling, of Corby action committee, said it would not take place unless Mr. Bill Sirs, general secretary of the Iron and Steel Trades Federation, was present. Both BSC and the unions think the meeting unlikely.

Mr. Cowling described yesterday's *meeting* at fruitless. There was an offer of BSC industries moving into the town. The figure of 25 companies setting up factories to provide jobs had been mentioned, but no specific assurances on job replacements given. About 6,000 jobs would be lost if the closure went ahead.

The joint action committee may ask other unions to help the plant remain *open*, particularly in construction work on relining the furnaces.

"There is no way BSC are going to shut Corby," said Mr. Cowling. Mr. Homewood said he would look into a British Steel claim that a Labour Government would also have given the go-ahead for the shut-down.

Sir Charles said: "The problem at Corby will not go away. The urgent need is for a low cost feedstock which will allow Corby to remain a competitive tube works. The problem, as we have said all along, is part of the problem of dealing with the excess of steelmaking capacity in the corporation."

BSC is worried that without Friday's talks, there may be several weeks' delay because of holidays.

Aerospace staff vote intensifies battle over representation

BY NICK GARNETT, LABOUR STAFF

THE BATTLE among TUC unions over representation of senior staff and managers in engineering *intensified* yesterday with a ballot decision by members of the British Aerospace Staffs Association to join the Engineers and Managers Association.

The EMA, which has been competing principally with TASS, the white collar section of the Amalgamated Union of Engineering Workers, now intends setting up an Aerospace *Association in October*.

This will complement the Shipbuilding and Allied Industries Management Association (SAIMA), also a part of the EMA, which is involved in a recruitment battle with unions affiliated to the Confederation of Shipbuilding and Engineering Unions. The EMA is not affiliated to this body.

Ninety per cent of BASA members voting in the ballot opted for a transfer of engagements with the EMA. About half of BASA's 1,100 members are thought to have taken part in the ballot.

The EMA's new Aerospace Association will be formed of BASA and BACSTAFF, the local staff body at the British Aerospace Warton division which is in the process of amalgamating with the EMA.

Mr. Peter Fairley, BASA general secretary, said yesterday that the establishment of an Aerospace Association within the EMA to cater for managers *and engineers in the industry* was a big step forward. "It is to be hoped that the Board of British Aerospace will recognise the new body as the appropriate organisation for middle and senior managers in the industry."

Last month, however, TASS signed a recognition agreement on behalf of senior staff at the Warton Division, which the union sees as a *significant* break-through.

Under the agreement, the Warton Division management says it will "not afford recognition to any group with affiliation to a non-Confederation of Shipbuilding and Engineering Unions body or any organisation outside British Aerospace."

TASS has agreed with British Aerospace at Warton that it will co-operate with senior staff who are not its members providing there is no affiliation between the group and any non-CSEU body. This means that TASS will not co-operate with BACSTAFF when it becomes a part of the EMA.

In the face of TUC opposition, the EMA won national recognition earlier this year from British Shipbuilders through an amalgamation with SAIMA.

Union loses appeal against ban on pickets

IF TRADE unionists make demands which are utterly unreasonable or quite impossible to fulfil, they lose the protection of the Trade Union and Labour Relations Act, *Lord Denning*, Master of the Rolls, said in the Appeal Court yesterday.

He was giving judgement dismissing an appeal against a temporary High Court order banning picketing and blacking of a booksellers' transportation company.

The ban was imposed on June 28 on an application by PBDS (National Carriers) until full trial of their action against Mr. Joseph Filkins, secretary of the Society of Graphical and Allied Trades' London Central Branch.

Mr. Filkins was yesterday refused leave to appeal to the House of Lords.

SOGAT's national executive accepted then proposals but it was rejected by Central London branch members who began industrial action.

Lord Denning said it seemed the real truth of the matter was the resentment of Central London branch officials at being over-ruled by their national executive.

There were reasons for thinking that the branch action was not genuinely with a view to getting better terms for their men. They were seeking to achieve the impossible if they thought industrial action would alter a situation agreed by the TUC and the national executive.

"*The balance of convenience* is as plain as can be: it is in favour of allowing agreed conditions of employment to be fulfilled and letting the new company go on its course without further interference," said Lord Denning.

Lord Denning said that PBDS had been taken over by National Carriers. The PBDS employees had all been members of SOGAT, but National Carriers had a closed shop agreement with the National Union of Railwaymen.

The TUC worked out a peace formula under which workers would have joint membership of the two unions but with only the NUR having negotiating rights.

Lord Justice Templeman agreed and said the branch were plainly not acting in furtherance of a trades dispute. Branch officials had made allegations in emotive terms...sold down the river...lock out...official dispute." Terms had been used "at least as old as Lenin."

Officials seemed to be trying to demonstrate that London Central branch would not be flouted or trifled with, the judge added.

Midland Bank staff pay proposals may set pattern

BY OUR LABOUR STAFF

FOUR of the five English clearing banks were assessing their position yesterday following *acceptance by the Midland Bank* of mediation proposals on pay for clerical, computer and managerial staff which is almost certain to be agreed upon by members of bank's two unions.

The form of the proposals, which centre on a 15 per cent "new money" increase on all salaries is unacceptable to the staff associations at Barclays, National Westminster and Lloyds.

Williams and Glyn's, which has no staff association, only recognises for this group the Banking, Insurance and Finance Union whose negotiators have recommended the Midland proposals.

The three *staff associations* have been seeking a restoration of differentials which is not catered for in the proposed Midland settlement.

Barclays Group Staff Association, which is the largest staff body in the bank has been seeking a 6 per cent spread in salaries for example. On the basis of the Midland proposals for the lower clerical grades, this would imply a rise in salaries for senior managers of 21 per cent "new money."

It seems highly unlikely that the other clearing banks could make any settlement for their clerical staff in grades one to four different from that achieved at the Midland. At the moment, pay for these grades in all the five banks is identical.

That would involve matching the proposed Midland deal of 15 per cent "new money" on all *salaries which the staff associations* would not be prepared to accept readily. Their claims involve improving the differentials not only of managers but also of the higher clerical grades.

Faced with this problem, the staff associations may attempt to secure something on differentials purely within the managerial grades, where their membership is stronger than BIFU's.

Above the minimum managerial level there are some differences in managerial pay from bank to bank and there may be some leeway here for the four banks to make a different settlement from that proposed in the Midland.

This may be influenced by arbitration for Lloyds managers set for Monday under Professor *George Thomason, of Cardiff University*.

If this arbitration goes ahead, Professor Thomason will have before him two existing positions on managers' pay. One is the Midland which, apart from the 15 per cent "new money" also involves 2½ per cent consolidation of an existing productivity payment and a 2½ per cent bonus.

The other is at Barclays which, despite union opposition, implemented an earlier offer lifting salaries by 18 per cent but including in that the full 5 per cent productivity payment with no bonus.

Technicians' action may be called off

By Philip Bassett, Labour Staff

THE Institution of Professional Civil Servants yesterday offered to call off industrial action by its members at the Houses of Parliament if an earlier date could be set for a meeting on a pay dispute involving 50,000 technicians.

Lord Soames, the Lord President of the Council, who has day-to-day responsibility for the Civil Service, replied by offering to meet Mr. Bill McCall, IPCS general secretary, on Friday to discuss the deadlock.

Mr. McCall suggested yesterday that as a "gesture of goodwill" the strike action by 32 engineers at the Palace of Westminster, designed to affect canteen facilities, air conditioning, and lifts, should be called off from when a new date for the meeting was fixed.

The Advisory, Conciliation and Arbitration Service has been in touch with both the union and the Civil Service Department after an indication from Mr. McCall that the union might consider conciliation as a way out of the deadlock. ACAS will not be proceeding now, though, because of the prospect of Friday's meeting.

The union, which already has about 400 of its members taking part in selective strikes and all its 100,000 members operating an overtime ban, is preparing to step up the action with a series of [illegible] regional stoppages.

Staff move on BBC licence fees

THE ASSOCIATION of Broadcasting Staff and the Musicians' Union have asked to meet Mr. William Whitelaw, the Home Secretary, to discuss increases in BBC licence fees.

Mr. Tony Hearn, the ABS general secretary, in his union journal said he was pessimistic about the BBC's financial future. His association had a major interest and problem in common with the BBC—to persuade the Government to finance the corporation properly.

He said the Government's decision to give the fourth television channel to the Independent Broadcasting Authority, and to allow local radio to develop at its own pace, meant the shift of power within broadcasting had gone firmly against the BBC.

The association wants the Government to consult with the broadcasting unions on its detailed proposals for broadcasting.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Road traffic counted and analysed

TRAFFIC analysis equipment by Golden River, Bicester, will provide users of its traffic counting and classifying systems, who may not have ready access to computing facilities, with a stand-alone system capable of making full analyses from collected data.

Developed in conjunction with Abraham and Partners, London, the hardware consists of a Rair microcomputer with dual minifloppy drives, an LA36 DECwriter as the console for controlling operations and providing the print-out, and a Golden River fast decoder MK2/29 to provide the raw data input. The complete system, together with the DS60 interactive analysis software package, costs less than £5,000.

Software, which is resident on disc, enables the user to define the basic parameters of site number, date and timing interval. It then requests the user to insert his cassette into the fast decoder and subsequently initiates the reading of the cassette data. Data is transferred on to diskette and all errors are listed on the printer. At this stage the user can edit the data if necessary, before proceeding with the analysis itself.

Two basic analysis outputs are catered for, these being firstly a page per day output, and secondly a page per week analysis giving hourly and daily averages. The complete process, from inserting a cassette into the decoder to producing a weekly analysis print out takes less than 10 minutes.

Golden River Company, Telford Road, Bicester, Oxon OX6 0UL. Bicester 44581.

Tiny units get the data

OFFERED by Burr-Brown are three self-contained data acquisition systems in which the electronics are condensed into packages measuring only 2.2 by 1.7 by 0.22 inch but which nevertheless provide all the circuits needed to capture and process analogue data and present it in digital form to a data processor.

Each of the systems incorporates a 16-way input multiplexer, with channel selection latching, sample and hold circuits, a high performance analogue to digital convertor complete with voltage reference and clock, output buffers and overall digital control to minimise the number of supporting devices needed.

The three units in the range are SDM 856, 7 and 8, the first of which contains no instrumentation amplifier. The 858 is in a slightly larger metal package and is expressly designed for the very low level inputs provided by transducers such as thermocouples and strain gauges.

At a gain of 100 the error introduced by the 858 is less than 0.25 per cent of full scale at throughput rates up to 2000 samples/sec.

More from 11 Station Road, Watford, Herts (0923 33837).

● COMPONENTS

Bearings take the load

MOUNTING wormshafts and wheelshafts of a new metric range of speed reducers on SKF taper roller bearings is significant among a number of design improvements which have enabled David Brown Gear Industries to widen its off-the-shelf units for all applications in the medium power range up to 60 kW.

David Brown had fitted angular contact ball bearings to the shafts of earlier designs of worm gear speed reducers in this range, but after extensive bearing load calculations, firstly using SKF computer programmes, checked by David Brown, the latter decided on SKF taper roller bearings for the new 2000M Radicon series.

Taper bearings were chosen because of high load carrying capacities and long life.

Ability to accommodate high over-hung loads is particularly important for those applications—about 15 per cent—where there are additional loads on shafts external to the gearbox, as in ore crushers.

The new Radicon design concept is based on a single piece universal gear case which, for each of four sizes (100, 125, 160 and 200 mm centres) is used throughout an extensive variety of individual types of speed reducer.

SKF, Sundon Park Road, Luton, Beds. LU33L. 0582 55977.

Communication in noisy factories is made easier by using ear defenders like those shown in use here. This headset incorporates a microphone and is designed for two-way telephone and radio communications. The equipment is marketed by Anticoustic of Sonic House, The Broadway, Woodbridge Road, Guildford, Surrey (0483 66488). Seals on the ear muffs and the headband are padded for comfort and covered with Velbex flexible pvc supplied by Storey Brothers.

● INSTRUMENTS

Very small counting unit

PUT ON the market in the UK by Continental Specialties Corporation is a frequency counter measuring only 76 x 152 x 38 mm and weighing 230 grams, but offering nevertheless a measuring range from 1 kHz to 550 MHz.

This calculator-sized unit, MAX-550, has a six digit LED display and an internal crystal-controlled time base which yields an accuracy of three parts in one million for input signals down to 250 mV.

Small size and simplicity of operation make the instrument useful for high accuracy field (or workshop) testing: there is no switching or adjustment of polarity, slope, trigger or input level, and automatic lead-zero blanking is incorporated.

Internal re-chargeable batteries prove more than two hours' continuous use or eight hours of typical intermittent use. If necessary the unit can be run from an external 7.2 to 12 volt dc supply. Accessories include a miniature aerial for direct radio transmitter frequency checking, cables, chargers and adaptors.

More from the company at Shire Hall Industrial Estate, Saffron Walden, Essex CB11 3AQ (0799 21682).

Better than analogue

PROMOTIONAL literature accompanying the launch of Keithley Instruments' latest digital multimeter describes it as "the end of the line for analogues," pointing out that it can be bought for about the price of a "quality analogue meter," yet is sturdy, simple to use and is a full five-function digital meter.

Known as the Model 169, the instrument has a 0.6 in high liquid crystal display with crystal display with function and range shown. Carried like a portable radio, the meter measures 85 x 235 x 275 mm and weighs only 1.4 kg.

It will measure alternating and direct voltage and current and resistance, employing a total of 26 ranges. Upper limits of measurement are 1000 volts DC, 200 megamps and 20 megohms. Sensitivities are 100 microvolts, 100 nanoamps and 100 milliohms.

The company claims a mean time between failures of 20,000 hours. The battery life is 2000 hours using alkaline cells.

More from 1 Boulton Road, Reading, Berks RG2 0NL (0734 861287).

● MATERIALS

Makes a tough coat

AN EPOXY-BASED coating that can be cured at room temperature (or more rapidly at higher temperatures) and which offers a tough, resilient and abrasion-resistant film is offered by Emerson and Cuming (UK), Colville Road, Acton, London W3 (01-992 6692).

Mixed just before use from two components the material, called Eccocoat 729, can be used for coating electronic components, for corrosion protection and for high insulating resistance films.

The coating's resilience makes it especially suitable for coating items containing dissimilar materials since it is able to absorb differential changes due to thermal expansion as the temperature increases or decreases between −56 and +149 degrees C. Thermal shock characteristics are also good.

'Pots' the components

FOR THE encapsulation of electronic and electrical components 3M United Kingdom is offering a new grade of Scotchcast, XR-9050, which is a one-part, free-flowing epoxy-based material needing no mixing.

Simple to use, it is merely poured from the container into the component which is mildly vibrated and then oven cured to the schedules provided. There are no problems with pot life, no smell, and very little waste.

The company claims that consistent quality results are achieved without the need for expensive equipment and at "very low" material cost.

More from Industrial Electrical Products Group, 3M United Kingdom, P.O. Box 1, Bracknell RG12 1JU (0344 26726).

● POWER

House power linkages

GEC-HENLEY has a redesigned series of electric house service cut-outs which incorporate a number of technical refinements primarily concerned with enhancing safety for installer and user.

Series 7 is the first cut-out designed specifically in compliance with the British Electricity Supply Industry Standard for domestic cut-outs, ESI 12-10.

Most important is the change of material to glass reinforced polyester (grp) from the traditional phenolic. The new material gives major improvements in the electrical and mechanical properties of the cut-outs. Specifically, there are big gains in resistance to tracking, in impact strength, and thermal conductivity (and hence lower temperature rise). The new cut-out is the only one on the market to be made in grp and GEC-Henley is one of the first companies to have embarked on injection moulding of this material on a continuous production basis.

Another advance is in the treatment of the cable-entry positions. These have traditionally been protected by "knock-outs"—a thin membrane of the phenolic material. However, it has always been difficult to design a knock-out which is easily removable by the jointer, but impervious to determined attack by children or electricity thieves. ESI 12-10 recognises this contradiction by requiring the impact resistance at the knock-outs to be only one fifth of that required for the rest of the cut-out body.

Series 7 no longer uses knock-outs for blanking off the main cable and busbar entries and so completely overcomes the problem. In place of knock-outs, the design incorporates plugs, which can be removed by the jointer only with a special tool, when the carrier is removed (and hence the seal broken). When in position, the plugs are as strong, or stronger than the main body of the cut-out. GEC-Henley has applied for patent protection on the plug design.

The company operates from Gravesend, Kent DA11 9DA. 0474 64466.

● HANDLING

Converted weighers cost less

CONVERSION PACKAGES for automatic weighing equipment from Weighing Systems, of Royston, Barnsley, will enable manufacturers to anticipate the implementation of new EEC legislation, without the expense of replacing existing weighers with new machines.

The company can supply factory-rebuilt automatic vibratory weighers of leading British manufacture incorporating a new flexure mechanism and associated electronics which provide for data weight recording. This enables the equipment to record average weights as will be required by the new legislation when it becomes effective in January, 1980.

Alternatively, Weighing Systems can convert manufacturers' existing equal arm beam weighing equipment and also rebuild the machines at the same time.

In either case, conversion of machines to average weighing not only satisfies the legislation, but offers considerable savings in manpower and materials. If all weighers in a line are converted, they can be connected to a central panel for ease of monitoring and control and a weigher which is weighing heavy or light can be identified and corrected instantly.

The full live range flexure mechanism is much easier to maintain, has no wearing knife edges and will respond faster and more accurately to discrepancies in feed. The electronics are provided in modular form for plug-in fault rectification, keeping downtime to a minimum.

Rebuilt weighers offer considerable cost-savings over new machines and are themselves indistinguishable from new equipment. Weighers are stripped down and rebuilt with replacement parts where necessary, entirely new electrics, and a new or completely rebuilt weighing mechanism.

L. E. Stott, Bacup, Lancashire (Tel: Bacup 5413.)

Gives double performance

ADVANCED triple-screw pumping equipment which operates at more than twice the discharge pressure of existing screw pumps of similar size is to be manufactured for the United Kingdom and other sterling area markets by Weir Pumps of Glasgow. It is believed to be the most efficient pump of its type now in production anywhere.

Imo D4, is one of the latest generation of high-technology pumps developed by Imo-Industri AB of Stockholm, Sweden. It will be available in autumn 1979 in seven sizes to cater for flows from 18 litres/minute to 900 litres/minute and pressures up to 160 bar.

This D4 design incorporates improved thread profiles and materials which have double the discharge pressure for a given thread length, increased reliability and improved volumetric efficiency—formerly a weak point of the screw pump—to a point where it is at least comparable with that of other pump types. It is almost silent in use.

A self-lubricating pump, the D4 is designed for pumping lubricating, hydraulic and fuel oils and fluids containing oil. A unique cartridge assembly system means that the internal working parts can be incorporated in a variety of casing arrangements.

● PROCESSING

Regenerates spent acid

CHEMICAL Engineering Construction (Pensnett) has commissioned an acid regeneration plant, designed and built for Steel Nut and Joseph Hampton at the latter's Wodon Works, Wednesbury, West Midlands.

Capable of regenerating 250 gallons per hour of spent acid, it will help the user company to contain running costs.

Chemical Engineering Construction (Sirycon Group), Regal House, London Road, Twickenham TW1 2QJ. 01-892 4455.

● ELECTRONICS

Control of servo units

AVAILABLE FROM Ferranti Electronics is a precision integrated circuit servo amplifier designed for use in pulse-width position servo mechanisms and motor speed control applications. It has low quiescent current, high output drive capability and low external component count, and operates over a range of repetition rates and pulse widths.

The ZN419CE operates from a standard 1.5 milliseconds pulse width with Schmitt trigger input shaping. It can accommodate a power supply of between 3.5 and 6.5 volts as it incorporates precision internal voltage stabilisation to ensure interference free operation.

This amplifier offers consistent and repeatable performance, with excellent voltage and temperature stability.

Ferranti Electronics, Fields New Road, Chadderton, Oldham, OL9 8NP. 061-624 0515.

THE JOBS COLUMN

Readers' views on 'what makes a manager'

BY MICHAEL DIXON

THIS COLUMN certainly has a highly critical readership, especially on the topic of recruitment consultants. The object of the latest weighty, and on the whole welcome, comment is the article published here a fortnight ago about the research which has shown Boyden International's 60 head-hunters in various countries to be largely consistent in what they look for when selecting people for different kinds of managerial work.

Since it took the entirety of that column to describe the research, I cannot repeat the details now. So suffice it to say that the staff of Boyden's 29 offices were asked to judge the relative importance of various elements which go to make up five main attributes required of successful managers.

These attributes—which the consultants then ranked in order of their importance in each of a range of managerial jobs—were: the abilities to communicate, to administer, to solve problems, and to influence other people; plus the quality of the executive's personal "motivation."

Most of the 40 or so readers who have written or telephoned their comments seemed agreed that these five were indeed the essential foundations of effective management.

As always, however, there was one awkward customer in the squad, who took me to task on two grounds. The first was that the ability to communicate is not a separate attribute, but only one of the elements constituting the ability to influence people. If it wasn't, this customer said, the article I had written would not have made him cross, would it? His second target for sarcasm was the fact that I had quoted the word "motivation" although I had asserted, in two Jobs Columns during May, that nobody knows what motivation is—its being merely a collective term for the so far unidentified factors which cause people's work-performance to differ even though their pay, perks and suchlike are the same.

All I can say, Mr. Koch, is that I am touched by your sedulous attention. But I did not design the research. The responsibility for it, including the use of the word "motivation," belongs as was stated to the Rohrer, Hibler, Replogle Institute of New York. Nor did I purport to criticise the research, I just described it. So there!

Two other readers had a different reason for dissatisfaction with the RHR Institute's five attributes. It was that they should have been increased to six. This pair of critics did not agree on the term for the necessary extra attribute. One thought it should be "educability," and the other "humility." But, if I may presume to read between their lines, they seemed to be expressing much the same sort of thing.

It was that it is no longer desirable, even if possible, for a manager to try to function as a steady-state superior animal, receiving communications filtering upwards through the hierarchy, making decisions in the light of knowledge and experience already in his or her personal possession, and transmitting the decisions back down the pyramid.

Too proud

To be effective, managers would, therefore, need more and more to recognise that in some matters essential to their craft, their own and their immediate advisers' knowledge and experience were inferior to those of people farther down the hierarchy. To borrow Mr. Goddard's words: "I am convinced that solutions to problems that create ulcers at the top are in many examples well known to workers at the bottom and could be had off-the-peg by management if it was not too proud to ask, and if the solutions are not there ready-made, then a lot of the knowledge that is needed to work out the solutions could be got by politely asking around on the shopfloor."

So in essence, what this particular pair of readers thought should be added to the five attributes and looked for by the head-hunters, was a concern to improve one's craft by going out and learning from all likely sources, however unconventional, and to ensure that one's supporting staff did the same. As Mr. Brookes put it: "A good manager shouldn't think he's good, but only getting better as time goes by."

Another reader, Mr. Gordon, also called for an addition, not to the list of attributes, but to the constituent elements. These are too numerous to repeat in full but, for example, the "communication" attribute consisted of the skills of listening, of engaging in dialogue as distinct from indulging in monologue, of expression, and of writing. "Administration" consisted of the skills of planning, of delegating, and of following-up.

Mr. Gordon thought that one particular thing should be added to the lists of elements making up every one of the five attributes. It was an appropriate sense of humour. He added: "This is important all-round for management. If you take 'influencing other people' in particular, I would say it was most important of all. It's more important for leadership than the rubbishy things the Boyden people said leadership depended on."

The reference here is to the element which the head-hunters thought most crucial to influencing other people. The element was leadership, described as "directs the behaviour of others toward the achievement of common goals by charisma, insights or the assertion of will." Which brings us to the main target of the readers' criticism because all but two of them cited the inclusion of "charisma" in that description, as typical of the aspect of the Boyden exercise which offended them.

"According to my dictionary," said Mr. Atkinson, "charisma would mean 'favours especially given by God.' We all have some of those, and don't have others. Until every one of the selection consultants can tell me which particular favours they mean, they won't get me to believe that they'd know charisma even if they saw it."

The opposite was felt by Mr. Newman. Charisma was something he thought had undoubtedly been possessed by "Jesus Christ, Hitler, Gandhi and Martin Luther King," but by very few others. "To be sure, the head-hunter would recognise this quality when he saw it, but I fear that he would have to be in business a long time before he met someone with real charisma who was being interviewed for a job as a manager."

However, Messrs Atkinson and Newman and almost everyone else were united in thinking that the research study implied what one called "an insufferably arrogant assumption" on the part of Boyden's staff. It was that once having defined, however loosely, the skills and attitudes most important to managerial work, the consultants would be capable of determining whether or not those skills were present in people whom they were interviewing.

Take for example an element which the head-hunters thought of great importance to the problem-solving attribute—the skill of grasping "the source, nature and key dimensions of a problem." And for another the element, considered equally important, of "judgment—reaches appropriate conclusions from available information."

What evidence had I to offer, asked the generally indignant critics, of head-hunters' ability to divine during a relatively short period of contact off-the-job, that a candidate posessed such skills? "What questions does the head-hunter ask to determine these characteristics?" inquired Mr. Newman, perhaps ironically.

The answer is that—lacking charisma and having been concerned only to describe the research anyway — I do not know. But if members of Boyden International, or indeed any other recruitment consultant, have answers to give, I will gladly report them in a future column.

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For the full text of the advertisement please see the F.T. of that date or telephone Sally Stanley on 01-248 5597

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APPOINTMENTS

Board posts at Tyne Tees TV

Lord Peart of Workington, Opposition Leader in the House of Lords, and Professor Laurence Woodward Martin, vice-chancellor of Newcastle University, have joined the board of TYNE TEES TELEVISION.

★

Mr. Donald Munro has been appointed sales manager (international) of HONGKONG UNITED DOCKYARDS. He was general manager and director of Malta Dry Docks (UK) in London.

★

Mr. Ronald Scheffer, who recently became a director of BRUYNZEEL WOOD PRODUCTS, has been appointed managing director in place of Mr. Harm Post, who has retired.

★

Mr. Nathaniel B. Butterfield is joining the London office of HEIDRICK AND STRUGGLES as managing director and vice president from August 20.

★

Mr. J. P. Medd, chairman and managing director of DOULTON AND CO., will be succeeded as managing director at the beginning of next year by Mr. R. H. Lamb, who is at present managing director of Doulton Glass Industries. Mr. Medd will continue as executive chairman. The following appointments also take place from that date: Royal Doulton Tableware (Holdings)—Mr. R. J. Bailey, executive chairman, Mr. J. G. Bellak, managing director, and Mr. Lamb to the Board. Doulton Glass Industries (Holdings)—Mr. Lamb, chairman, and Mr. R. J. Brown, managing director, Doulton Engineering Group—Mr. Lamb joins the Board as chairman.

★

Mr. Colin Weston is to join the Board of AIRFIX INDUSTRIES as director of operations in September. He is at present a director of Timothy Whites and a senior executive of Boots group, having been with that group for over 25 years. Mr. Weston will report to Mr. David Sinigaglia, group managing director of Airfix.

★

Mr. F. J. H. (Hugh) Brackett has been appointed to the Board of EDGBASTON INVESTMENT TRUST, following the death of Mr. Derek M. King. Mr. Brackett was senior partner in the firm of Debenham, Tewson and Chinnocks until his retirement.

★

Mr. D. S. Thompson has been appointed a director of STEWART WRIGHTSON (NORTH AMERICA).

★

Mr. Luke Meinertzhagen will be retiring as senior partner of CAZENOVE AND COMPANY, stockbrokers, on April 30, 1980, but he will remain a general partner for a further year. Mr. John Kemp-Welch and Mr. Anthony Forbes will become senior partners on May 1, 1980.

★

Mr. J. C. Moore has been appointed manager of the engineering ceramics units at ASSOCIATED ENGINEERING DEVELOPMENTS. He was previously head of powder technology.

★

Mr. Ken Marsh has been appointed manufacturing director of CRYPTO PEERLESS.

★

Mr. R. A. Jones has resigned his directorship of CROWN HOUSE and from his appointments with the group. Mr. P. Edge-Partington has succeeded Mr. Jones as chairman of Crown House Engineering and Crown House Engineering International. Mr. B. J. Evans and Mr. B. J. Beardmore continue as managing directors of those companies, respectively.

★

Mr. Simon Mellor has been appointed to the Board of TALKING PICTURES PRODUCTIONS.

★

Mr. Ron Facer has been appointed assistant general manager (finance) of the LEICESTER BUILDING SOCIETY. He has been succeeded as chief accountant by Mr. Terry Payton.

★

LESLIE AND GODWIN (UK) is integrating its London office with the Frank B. Hall London office and Mr. Brian Hayden assumes responsibility for the combined operation as London region director. He was previously group technical director. Mr. Eddie Gibbs, executive director of Frank B. Hall London office will assume direct responsibility for London region servicing. Mr. Michael Rutherford is appointed UK marketing director. Mr. Christopher Wacey is appointed technical director. To coincide with these changes Mr. Anthony Kauntze is appointed administration director. Mr. Howard Roberts is appointed an assistant director, servicing in north west region, Manchester office.

★

Mr. A. C. Longden, a director and general manager of Croda Hydrocarbons, has been appointed to the Board of CRODA ORGANIC CHEMICALS GROUP.

★

Mr. Trevor H. Scott has been elected president of the INTERNATIONAL SOCIETY FOR THE PROTECTION OF ANIMALS.

★

Mr. J. A. Burrows and Mr. K. A. Low have been appointed to the Board of CHANDLER HARGREAVES WHITTALL AND COMPANY.

★

Mr. René Henggeler, investment manager of the Winterthur Swiss Insurance Company, Winterthur, Switzerland, has joined the Board of NORWICH WINTERTHUR HOLDINGS. He replaces Mr. Gerhard Christen who has resigned from the Board.

★

Mr. D. Blunn, Mr. G. D. Bosley, Mr. R. H. Briance, Mr. P. V. Gold, Mr. N. P. Street and Mr. M. J. Thompson have become managers at CREDIT SUISSE FIRST BOSTON. Mr. C. G. Clarke, Mr. J. E. Crane, Mr. M. J. W. Daley, Mr. B. R. Keelan, Mr. G. F. McDevitt, Mr. R. I. Molson, Miss K. M. Nevin and Mr. J. J. Tholstrup have been made assistant managers.

★

Dr. John Williamson has been appointed by REYROLLE PROTECTION (a unit of NEI Electronics) as commercial manager. He joins the company from Leyland and Birmingham Rubber. Mr. Geoffrey Graham has become field sales manager of REYROLLE INDUSTRIAL ACCESSORIES.

★

Mr. J. W. Bishop, Miss B. Cowderoy and Mr. J. W. J. Jackson have been appointed assistant directors of MORGAN GRENFELL AND COMPANY.

★

BANK OF SCOTLAND has opened its new branch in Hong Kong and four officials and their families have moved from Scotland. They are Mr. George Pringle and Mr. George Mitchell, to work with Mr. John Monaghan, the branch manager, who has been in Hong Kong since September last year. Mr. John Slater and Mr. William Mahoney take up appointments in Hong Kong as assistant manager of the branch and foreign exchange dealer respectively. The new branch will act as a focal point of the bank's Far East operations which already include a regional office, under the overall charge of Mr. Ian Robertson, assistant general manager, who has responsibility for the bank's business in the whole of the South Pacific basin.

★

The following Board appointments have been made at CAR CARE PLAN GROUP on the acquisition of the whole of the share capital by Mr Alan Longmate, the chairman. Mr. Clive Miller becomes chief executive; Mr Alan Clarke joins the board as southern regional director; and Mr Peter Haigh-Lumby has been made company secretary and group accountant. Mr Kevin Mawson and Mrs Wendy Longmate continue as directors of the group.

★

Sir David Nicolson has resigned from the Board of the DELTA METAL COMPANY following his election to the new European Parliament to represent London Central.

★

Mr. Alan Preston has been appointed financial director of EDWARD R. BUCK AND SONS.

★

Mr. Peter K. Jasilowski has been appointed to the Board of R. P. MARTIN STERLING.

★

Mr Alan Lee Williams has been appointed director general of the ENGLISH-SPEAKING UNION OF THE COMMONWEALTH. Mr Lee Williams was Labour MP for Hornchurch from 1974 to 1979.

★

Mr. Tony Riches has been appointed to the Board of MILLSPROUD ELECTRONICS as sales director.

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هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why General Motors is willing to pay the Price of good works

Kenneth Gooding talks to GM's new director of social action

BOB PRICE, the American chairman and managing director of Vauxhall Motors for the past five years and the man identified with its recovery, is to become General Motors' first director of international social action. He takes up his duties on August 1, based in Detroit, GM's world headquarters.

The move emphasises once again that GM has been rapidly changing its public image over the past five years, while at the same time turning much more serious attention to its operation outside the U.S.

But the appointment mainly springs from Mr. Price's own determination, and the fact that he has been able to convince the GM board that international philanthropy needs to be properly organised and co-ordinated.

He has long held the conviction that corporations and industry generally have got to get more directly involved in the human and social problems of the countries and communities in which they operate.

He says that as far as the industrialised countries are concerned, there is a tendency for people to assume that "they"—government authorities or independent agencies—are taking care of problem areas such as health, ageing, housing, education and so on.

Swamped

"But 'they' are being swamped and need a hell of a lot of help."

"Industry as the wealth creator should come forward with well-considered programmes."

And in the developing countries "in the battle for men's minds the capitalist system has not sold itself well. It is up to us to show in a practical way the benefits it can bring."

Mr. Price stresses that the primary objective must be for a corporation's efforts to make an impact on the social and allied problems it is attempting to tackle.

But these efforts will almost certainly produce a payback "on the bottom line of the profit and loss account." At individual plant level it might take the form of a drop in absenteeism and employee turnover. And Mr. Price is convinced that on a wider front communities which benefit will become good customers of the companies involved in the "social action."

The spending power of the communities should increase, the productivity of the corporation should improve, profits should rise and enable the corporation to plough more resources into social programmes.

Mr. Price first became interested in the subject of the corporation's role in the community in 1967. By 1973 he had decided that he wanted to devote all his time to the development and implementation of social programmes worldwide for GM. But he was not sure he could achieve very much without a power base to work from.

For this reason he went after the Vauxhall job. "It was a natural step in his progression through the GM hierarchy and he recalls "the challenge of turning round Vauxhall was too much *not* to go for after 33 years in the industry. Mind you, there was not a long queue of people wanting the job."

He was able to set up some interesting "social action" projects after his arrival at Vauxhall but there was a great deal of other work to be done before the company was back in the black, to the modest tune of a £2m net profit last year. But it was Vauxhall's first profit since 1971 and in 1974 the losses had reached £18m.

This is not the first time Mr. Price has been associated with a spectacular recovery programme. He helped steer GM's South African business from losses into a $25m profit in three years.

So it is not surprising that the GM board is beginning to believe that the social action projects have played some part in the recoveries and are now willing to allow him to work full time on this aspect of an international scale—anywhere where GM operates or is thinking of setting up operations.

Mr. Price now has his power base after all, because, apart from the support of many GM top executives, he has also captured the interest and support of GM's Public Policy Committee. This committee, staffed entirely by "outsiders," was set up during 1973-74 at a time when GM's public image was taking a real battering. The fact that GM today is a much more outward-looking corporation, much more willing to speak up for itself and the U.S. automotive industry, owes much to the committee and the willingness of the GM executive board to listen to its advice.

Mr. Price points out that every country, every community, has its own individual set of problems and it is up to the corporation to draw up a list of priorities in a business-like way. It must be ready to deal with special pleading from those who have personal reasons for advancing the cause of one particular project. But discussions with the agencies and government authorities most closely involved usually result in "the number one priority being shuffled quickly to the top of the deck."

In South Africa the main problem was local housing. The agency responsible for providing homes was 12,000 in arrears. GM stepped in with financial and other help which enabled the programme to be speeded up in the area from which it was drawing many of its employees.

Ravages

At Vauxhall in the UK the problems of the old jumped to the top of the priority list, particularly the difficulties of elderly people on fixed incomes attempting to deal with the ravages of steep inflation in the mid-1970s.

Mr. Price recalls the advice he received at the outset from Group Captain Leonard Cheshire, founder of the Cheshire Foundation Homes which help the disabled in 35 countries. "Before you set out to save the world, see what is going on in your own back yard. What are you doing about your own pensioners?"

Group Captain Cheshire also advised: "Start small. Do something you can continue—don't plunge in with something big and then withdraw."

As it happens, Bob Price introduced a programme of assistance started by a team of 33 volunteers who found that around 600 of Vauxhall's 6,000 pensioners were in dire need.

"The volunteers go round visiting, dropping off some coal, putting in 'phones, filling in forms for those who don't know how to apply for social security payments or have been too proud to apply. They take a professional look around the 'fridge and around the kitchen: it's surprising what that can tell you," says Mr. Price.

Bob Price, with a programme of social action in mind, against a background of GM cars

Some of his volunteer workers came from among the 6,800 Vauxhall employees who took voluntary redundancy or early retirement as Mr. Price reduced the Vauxhall workforce in the 18 months after he arrived.

Vauxhall also raised pensions by about 30 per cent for most people.

As an additional step, the company, its employees and dealers have raised money for research into ageing—"why do some people look 90 when they are 60? Why are some of those who are helping pensioners older than the people they are helping, but are more active?" Some £30,000 has been raised equally by Vauxhall, the employees and dealers.

Other projects have involved help for Stoke Mandeville Hospital, mainly by way of Vauxhall's apprentices and workshops providing ideas and components for equipment to help the disabled patients lead more normal lives.

And coming up is help for a research scheme into the broader problems associated with being mentally handicapped. How can the victim's skills best be developed? How can their families best cope with the difficulties?

While all this has been going on there has not been one single Press release about the social action programme from Vauxhall and no attempt by the company to make public relations capital from it.

"You could make a terrible mistake in talking about what you hope to achieve before you have achieved it. In any case, there is much more impact if independent people tell others about what you are doing."

Mr. Price insists, however, that there is "tremendous commercial payback" in social action projects but only in the longer term. And GM has methods of measuring the payback.

But what did GM gain from helping the Vauxhall pensioners?

Mr. Price is sure that employees and unions took a more responsible attitude in all discussions about Vauxhall's future "because they understood that the social action projects depended to some extent on the company's results. Union people were involved in the projects and interested in them.

"I am sure we have a better relationship with our current employees because they feel they will not simply be forgotten when they retire. This has helped give us a more stable workforce."

When he takes up his new post Mr. Price will spend a great deal of time travelling in the first year or so. He intends to visit GM plants in Asia, Latin America and Africa to talk to local management, local authorities and agencies about the kind of social action programmes that might be required. He has spent 17 of the past 23 years away from the U.S., mainly in Europe and he feels better acquainted with the requirements of that part of the world.

He recognises that there are some governments which might object, say they don't want GM's help—perhaps for reasons of pride—or that GM might be accused of paternalism.

And he says that if social problems are really to be dented, it must be by cumulative effort. Other industries, other businesses will have to get involved.

"But I want GM to be to the forefront."

Tailoring technical graduates to suit the company

BY A CORRESPONDENT

DETAILED PLANS for two new schemes aimed at improving the performance of science and engineering graduates in British industry are now being finalised by the Science Research Council. The SRC is confident that both schemes, which will be experimental and based on part-time studies, will go ahead despite the current education spending cuts and the fact that the Department of Education and Science has not yet approved them.

The first scheme, to be known as graduate initial education, will take the form of an apprenticeship package which will follow newly-qualified science and engineering students into industry over a two or three-year period. Through systems of tutorials, demonstrations and company-based projects, it will help shape their performance to the specific needs of firms.

Briefing on financial and marketing aspects of the company's industry will be included, as well as more obvious "engineering" topics like design, together with more specific specialisations, such as working with particular high-speed tools.

The second programme will consist of technological topping-up education for science and engineering graduates with five or ten years' practice in industry and who require up-dated instruction on new technological developments.

Alienated

For instance, many managers with this sort of background had educations which covered only transistor electronics, so they have little knowledge of modern solid state physics and are reluctant to work with today's complex microelectronic technologies: the SRC scheme will aim to overcome this.

In both programmes, universities, as opposed to company or industry representatives, will probably undertake the instruction, and may even award degrees. In the case of the technological topping-up, the Open University — with its experience of popular presentation of material—may be asked to instruct managers who might be alienated by a drier, academic approach.

The two projects are known to be particular favourites of Sir Geoffrey Allen, the SRC chairman, and stem from a study commissioned by the council 18 months ago on the attitudes of employers, universities and students to present part-time study in higher education.

Package

In the case of the graduate initial education scheme, the SRC is now holding talks with companies in the mechanical engineering and automotive sectors and it is expected that a first experimental package, costing about £100,000, will be ready for an intake of students in October, 1980. Instruction will cover such topics as new technologies, management studies and accountancy and will be directed to the requirements of companies in selected industrial sectors.

Although many large companies already provide sophisticated training schemes for graduates, many smaller firms are considered to have inadequate arrangements. This problem could become critical if the Finniston Committee, now considering ways of improving Britain's manufacturing industry, recommends registration for all engineers to ensure minimum professional standards. Engineering graduates in these smaller companies could then be at a severe disadvantage without the support of something like the SRC scheme.

Plans for the topping-up programme are still at a rudimentary stage: more details of industry's requirements are needed before the scheme can be implemented. The SRC hopes companies will pay the full salaries of employees involved in the projects, but it may be prepared to pay some bursaries for the students.

LOMBARD

Reserve role of the D-mark

BY DAVID MARSH

IT IS time for a West German *initiative to provide official* backing for the use of the Deutsche Mark as an international reserve currency. Despite growing moves by central banks to diver*sify their* reserve holdings out of the dollar and into the "hard" currencies, the Bundesbank is *highly reluctant to accept that* the Deutsche Mark has a natural role as one of the world's most important reserve assets.

The Bundesbank's dislike of reserve currency status has become even more illogical since the end of last year, when the U.S. Treasury, as part of the dollar defence moves urged on it above all by European central banks, started to borrow Deutsche Marks abroad to build up its foreign exchange reserves.

Debate

Since the November 1 dollar rescue package, U.S. officials *have stated their willingness* to accept some reduction in the international role of the dollar, and the *development of a* "multiple currency reserve system"—in which particularly the Deutsche Mark and yet take over some of the reserve currency burden shouldered by the dollar—has become the subject of debate at the Bank for International Settlements.

But the Bundesbank has not yet fully played its part. By refusing to extend its facilities for central banks to hold Deutsche Marks in a controlled *and orderly way, it is in fact* contributing to the build-up of pressures in the international *financial* system.

The background to what Mr. Gordon Richardson, the Governor of the Bank of England, last month called "the incoherence of the present arrangements for the provision of reserves" is that the proportion of dollars in the world's foreign exchange reserves, at around 80 per cent, is far too high considering the persistent inflationary trend of the U.S. economy. The dollar component *has remained surprisingly steady over the last* decade or so.

Some changes in the composition *of currency reserves have* indeed occurred. The Deutsche Mark now accounts for 8 to 10 per cent, or roughly what sterling's share was at the beginning of the 1970s. And when the large dollar accruals in the reserves of the major Group of Ten countries, which have resulted mainly from foreign exchange market intervention, are sub*tracted from the total, it is clear* that the dollar component in the reserves of many countries, particularly developing nations, is well under 80 per cent. None the less there *still seems to* be a structural imbalance in the overall reserve make up.

This has produced an in-built desire to shift out of the dollar *which* especially last year compounded the problems already caused by the U.S. current account deficit.

Japan's action

Reserve diversification looks *likely to continue* whether the world's monetary authorities want it or not. Far from carrying on a vain *attempt to stop* the growth in the D-Mark's reserve role, there is a clear need for the Bundesbank to seek ways of controlling and perhaps institutionalising the process.

The Bundesbank could take a leaf out of the book of the Bank of Japan—which has encouraged the build-up of yen holdings among central banks in S.E. Asia—and allow those central banks in Europe and elsewhere *with a legitimate* foreign trade interest in the D-Mark to increase their official working *balances held at the Bundes*bank. It could offer OPEC and other countries with large reserves *formal channels* for long-term DM investments.

It could even go so far as to inaugurate official contacts with foreign central banks in order to explore — and go some way towards satisfying—these countries medium- and long-term needs for DM reserve holdings.

Above all, a change in attitude is required. The Bundesbank *quite rightly point* to the destabilising consequences of large inflows of central bank money into Germany. But the answer is not so much to bar the inflows but to offset them by ensuring that the Federal Republic year by year is a large net exporter of long-term capital through overseas investment, aid and foreign bank lending. Net long-term capital exports last year came to only DM 2.2bn — a paltry *figure for a country in such* current account health as Germany. At a time when the U.S. looks highly unlikely to regain a low enough inflation rate to win back fundamental confidence among the world's dollar holders, it is not enough for Germany to appeal for more U.S. leadership to solve the reserve currency problem — it *should show some itself.*

The making and drinking of Chianti

CHIANTI, ABOUT whose quality-control and promotional bodies I wrote about in my last article (published on July 11), *is in a sense a "modern" wine.* Of course red and white wine was made for centuries on the delicious Tuscan hillsides, and part will have been known as *the wine* of that central area, lying between Florence and Siena, now broadly known as Chianti Classico. *But it was* only about 1860 that Baron Bettino Ricasoli in his castle of Brolio not far from Siena, "codified" Chianti, by laying down that *it must be made* principally from two red grape varieties and two white: Sangiovese and Canaiolo, and Trebbiano Toscano and Malvasia respectively. He also stipulated to some degree what were the correct proportions, and these were *defined in the 1967 DOC* regulations. Sangiovese may vary from 50 per cent to 80 per cent, Canaiolo from 10 per cent to 30 per cent, and the two whites, with Trebbiano predominant, from 10 per cent to 30 per cent. It is not compulsory to use all four varieties, but a minimum of 10 per cent of white wine must be employed, *the purpose being to lighten* the rather powerful, tannic reds. One minor black grape may be *added too, principally* Colorino.

There are two other uncommon elements in the production of Chianti. First there is the *governo.* Up to 7 or 8 per cent of the riper grapes are picked separately, usually before the main harvest, and laid on straw for three or four weeks. Then after the first fermentation of the main crop, which takes up to a month, depending on various growers' practice, these raisiny *grapes are added and a slow* second fermentation takes place for a further six weeks. The *governo* aids in the blending of the wine, as well as helping to *round off* its "corners," keeping it fresh and lively, and preventing a later fermentation in bottle. Preceding the Ricasoli reforms, it probably began in the days when the vinification was not very skilfully done by peasant farmers, and the *governo* covered up *some of the* deficiencies. It is not, however, obligatory. Some of the more *sophisticated producers* believe it to be unnecessary in normal years.

Outside aid

The other permitted but not compulsory addition to the blend *is of up to 15 per cent of* red wine from outside the region, usually from Apulia and Sicily, *where the wines can be so strong* that one would scarcely be surprised if a corkscrew were to stand upright in a glass. These wines can give strength, colour and additional roundness, for plain Chianti is not essentially a strong wine, with a legal minimum of 11½ degrees for ordinary Chianti and 12 degrees for the Classico; the white wine obviously lightens the colour. Again, some of the leading *fattorie* do not employ this imported grape must or wine, and the tendency, as *standards of* quality rise, is to rely on them less.

Also less practised than in the past is pasteurisation, used to *stabilise* the wines, but at the same time inhibiting development. It is now used mainly only for export and not to such markets as Britain. Refrigeration is used to kill dangerous ferments and leave the wine *clear, but many* growers do this only for Chianti designed for early drinking, and even then prefer to treat *it to avoid* oxydation by other chemical means.

WINE

BY EDMUND PENNING-ROWSELL

Some firms, notably Antinori, like to include in the blend only the minimum of white wine required by the regulations. To demonstrate that an excellent wine may be made without any they produce from the Sangiovese a branded wine, *Tignanello, which* may lack some of the punch of Chianti, but also its common asperity.

Chianti may *not be bottled* before March following the vintage, and this precludes a Chianti *novello* — fortunately, many may think. But it can be drunk young enough, and on my recent visit I enjoyed some agreeable '78s: fresh, flavoury and with something of the *attraction* of a young Beaujolais.

The traditional picture of Chianti is of a *wine bottled in* the straw-covered *fiasco.* This, however, is on the way out, on ground of supply problems—the straw covering has to be hand-made *under* cottage-industry conditions—as well as of cost and its unsuitability for despatch and storage. Each *fiasco* now costs L350 (about 19p), more than double the cost of the special *toscanello* bottle, holding 1 litre and upwards, or of the *bordelesi,* in which the better wines, particularly of *riserva quality,* are *all bottled;* and 40 per cent of all Chianti is now put in these claret-style bottles. A *riserva* wine must have been matured for three years from the first day of January following the vintage; a *vecchio* for two years. Showing the changes in recent years, 60-65 per cent of Chianti is now sold in bottle, exactly reversing the proportion compared with bulk sales that predominated early in the 1970s.

The best vintages for Chianti this decade have been '71, '75 and '78; the worst '72 and '76. Going further back the outstanding year was '64, followed by '67 and '69. I sampled some interesting Chiantis back to the early 1960s—among them well-matured '69s at such estates as Majnani-Guicciardini, Pasolini, S. Felice, Terciona, and Vicchiomaggio (all of which have British agents for more recent vintages).

Some of these wines, as well as a number of '71s, were beginning to lose fruit. On the whole Chianti is a wine *at its best* after four or five years, and with age it does not entirely lose that somewhat astringent acidity which the Italians particularly like *to* accompany their spicy foods. The Putto wines are often at their best within two years of the vintage, as Signor Amici-Grossi, president of the *consorzio,* was able to demonstrate to me in his cellars at Ugo and elsewhere. The Classico wines usually repay keeping, especially the *riserva* qualities, and among many I *tasted I hope* I may be excused for singling out the '74 and '73 of a fellow-Englishman, Mr. John Dunkley, at *his property* of Riecine, high in the Chianti mountains above Gaiole. (Cockburn and Campbell, *of* Curzon Street, W1, are the British agents and they list the '77.)

White wines

Visitors to the region who *want to see* a really representative collection of the Classico wines should visit the Enotica in the *agreeable* little town of Greve, where 250 growers' wines are on show—and for sale. For no more than L2,500 *(about £1.40)* a bottle one can buy many fine 1975 *risernas* and 1971s and 1973s for not much more.

Worth mentioning here are the white wines *that* all the merchants and many of the growers sell. In the non-regulated past some, no doubt, were sold—without any warrant —as Chianti bianco, but although there has been such agitation for such a wine to be authorised and blessed with a DOC this is now recognised to be out of the *question,* for it would confuse those who know Chianti as a red wine. Moreover wines from the Trebbiano grape which must constitute the bulk of any Tuscan white, tend to be on the heavy, plodding side, though it is fair to say that *they* are often now much lighter and *fresher* than they were. Yet they might not compare very *favourably on world* markets with Soave, Verdicchio, and Frascati.

Perhaps some time in the future a new Tuscan white may be *produced,* not basically from the Trabbiano, but also from the increasingly popular Pinot grigio. *Meanwhile, of course,* there are DOC Tuscan whites, notably Vernaccia di San Gimignano, Pitigliano, Montecarlo and the offshore white wine of Elba. But these are made in very limited quantities. Tuscany is best known for red wines, and quite rightly so.

Rheinsparkle to win for Cauthen

STEVE CAUTHEN, voted America's *sportsman-of-the-year* three seasons ago, has been having a particularly lean time of it recently. The likeable 19-year-old Kentucky jockey has *had to suffer* the effects of the outbreak of the virus at Barry Hills' stable. He has also had *fewer rides for other stables.*

However, he broke a spell of 38 losers at Haydock recently and looks set for another winner at Ayr this afternoon. Cauthen travels to Scotland's premier track to partner Rheinsparkle in the Kirkoswald Stakes.

RACING

BY DOMINIC WIGAN

Although Rheinsparkle has yet to win this term she has proved herself a more than useful filly. Last time out she was far from disgraced in running *third to Reprocolor and Brittania's* Rule in the Lancashire Oaks at Haydock 10 days ago. *Outpaced by the two principals* there, Rheinsparkle nevertheless *kept on* well inside the final quarter of a mile. The additional furlong of today's event will suit her admirably.

Just two—Royal Caliph and *The Bedford face* the Hills filly. The first-named got up close home to beat No Bombs *and Rose Standish in a 1¼-mile* maiden event at Redcar on June 23. The form of that event has been given several worthwhile boosts through the exploits of the runner-up.

The Bedford also obliged on his last appearance. The bay son of English Prince justified heavy support at Nottingham five days before Rheinsparkle's Haydock *run: holding off two* determined rivals in an admittedly modest two-mile event. That was a good effort by The Bedford, a bay son of the Alcide mare, Grass Emerald, but this mile and five furlongs could be on the short side for him.

Most of the other events at Ayr have also cut up badly and there are *just 31.* runners.

In the absence of Millfield Lad and Great Chum from the valuable Strathclyde Stakes I shall be rowing in with Sonnen Gold who has already won over this stiff course. Half an hour later Hopstone, bidding for a hat trick, can take advantage of the 19 lbs he receives from *another* course winner, Fairy Fisherman in the Souter Johnnie Handicap.

The King George VI and Queen Elizabeth Diamond Stakes, probably the world's most sought after prize, seems to be losing runners daily. Troy, the facile winner of both the English and Irish derbys, is the principal cause. Dick Hern's *remarkable colt is now three to* one on with most bookmakers and Swiss Maid is readily available at 14 to 1.

AYR

2.30—Paper Lad
3.00—Sonnen Gold**
3.30—Hopstone
4.00—Streets Ahead
4.30—Come About*
*5.00—Rheinsparkle****

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University *(Ultra high frequency only).* 9.10 For Schools, Colleges. 10.55 Cricket: First Test—England v *India. 1.30 pm Ragtime.* 1.45 News. 2.10 Cricket: First Test. 4.18 Regional News for England *(except London).* 4.20 Play School. 4.45 Hunter's Gold. 5.10 Ask Aspel. 5.35 Captain Pugwash.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Leo Sayer.
7.25 Centennial.
9.00 News.
9.25 Last of the Summer Wine.
9.55 The Royal International Horse Show.
10.55 Running Blind.
12.10 am Weather / Regional News.

All Regions as BBC1 except at the following times:

Scotland — 9.50 am Magic Roundabout. 9.55 Jackanory. 10.10 Don and Pete. 10.15 Hong Kong Phooey. 10.35-10.55 Take Hart. 5.55-6.20 Reporting Scotland. 12.10 am News and Weather *for Scotland.*

Wales—4.45 Crystal Tipps and Alistair. 4.50-5.10 Lladron Donaw. 5.55-6.20 Wales Today. 6.55-7.25 Heddiw. 12.10 am News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol): South Today *(Southampton);* Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 4.20 pm).
4.30 Cricket: First Test—*England v India.*
6.05 Open University.
6.55 What's Your Poison?
7.20 Mid-Evening News.
7.30 It's a Small World.
7.40 Sandor Vegh Masterclass.
8.10 Brass Tacks.
9.00 Rhoda.
9.25 The Mayor of Caster*bridge.*
10.20 Portrait.
10.45 Golf: The Open.
11.13 Late News.
11.30 Cricket: First Test highlights.
12.00 Closedown.

LONDON

9.30 am *A Place to Live.* 9.45 Au Travail! 10.05 Farmhouse Kitchen. 10.30 Felix the Cat. 10.35 McMillan. *11.45 Mystery* Island. 12.00 Paperplay. 12.10 pm Rainbow. 12.30 Emmerdale Farm. *1.00 News plus FT Index. 1.20* Thames News. 1.30 Crown Court. 2.00 The National Gallery. 2.30 Heyday's Hotel. 3.25 The Love Boat. 4.20 Runaround. 4.45 Words on War. 5.15 Sam.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 Thundercloud.
8.00 The Streets of San Francisco.
9.00 ITV Playhouse — Getting In On Concorde.
10.00 News.
10.30 Camera.
11.00 Mavis Wanting To Know.
11.30 Colgate World Mixed Golf Championship.
12.25 am Close: Personal choice by George Baker.

All IBA Regions as London except at the following times:

ANGLIA

10.35 am England Their England. 11.00 Witness To Yesterday. 11.25 Survival. 11.50 Cartoon Time. 1.25 Anglia News. 3.25 Out Of Town. 3.50 Cabbages And Kings. 5.15 The Squirrels. 6.00 About Anglia. 7.30 TV Movie: "Cyborg." 11.00 Inside Business. 11.30 Sidestreet. 12.30 am Themes.

ATV

10.30 am Morning Cinema: "Virgin Island," starring John Cassavetes, Virginia Maskell and Sidney Poitier. 1.20 pm ATV Newsdesk. 3.20 Sounds of Britain. 3.55 The Addams Family. 5.15 Dynomutt. 6.00 ATV Today. 7.30 Here Today, Here Tomorrow. 9.00 Mind Your Language. 11.00 The Outsiders.

BORDER

10.30 am Tuesday Cinema: "Very *Important Person.*" 1.20 pm *Border* News. 3.20 Sounds of Britain. 3.50 Untamed World. 5.15 The Squirrels. 6.00 Lookaround Tuesday. 7.30 Film: "The *Gun.*" *11.00 The Human Face of China.* 11.30 Sidestreet. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Stars On Ice. 6.00 Report At Six. 8.00 BJ and the *Bear. 10.28 Channel Late News. 11.00* Barney Miller. 11.30 The Sweeney. 12.25 am Visages de Franco.

GRAMPIAN

9.30 am First Thing. 10.35 The Coral World. 11.35 Spiderman. 1.20 pm Grampian News Headlines. 3.30 Code R. 5.15 The Squirrels. 6.00 Grampian Today. 6.05 The Electric Theatre Show. 11.30 Reflections. 11.35 Power Without Glory. 12.30 am Grampian Late Night Headlines.

GRANADA

10.30 pm Sesame Street. 11.25 The Beachcombers. *11.50 Look At Life. 1.20* pm Cartoon. 3.30 The Story of Wine. 3.50 The Amazing World of Kreskin. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 *Granada Reports.* 6.35 Cabbages and Kings. 7.35 The Tuesday Movie: "The New Love Boat." 11.00 The Late Night *Movie: "Lanigan's Rabbi."*

HTV

†10.35 am "I'll Be Seeing You," *starring Ginger Rogers and Joseph Cotten.* 1.20 pm Report West Headlines. 5.15 Mr. Toons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 *The Squirrels.* 7.30 *Lucan.* 11.00 The Human Face of China. 11.30 West Side *Medical.*

HTV Cymru/Wales—As HTV General Service except:— 1.20-1.25 pm. Penawdau Newyddion y Dydd. 4.20-4.45 *Goglis. 6.00-6.15 Y Dydd. 10.30 Bywyd.*

HTV West—As HTV General Service except:— 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†10.30 am Feature Film: "Seven Angry Men." 1.25 *pm* News. 3.30 Sounds of Britain. 4.00 Cartoon Adventure. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer *Extra. 6.30 Get Some In. 7.30 Feature* Film: "The Last Rampage." 10.28 Scottish News Headlines. 11.00 Late Call. 11.05 From the Top. 11.35 Pro-Celebrity Darts.

SOUTHERN

10.30 am Call It Macaroni. 11.00 *David Hand Cartoon.* 11.10 Animated Classics. 1.20 pm Southern News. 3.25 Stars On Ice. 3.50 Get Some In. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day *By Day.* 6.35 Scene Midweek (South East area only). 7.30 McMillan. 11.00 Southern News Extra. 11.10 Colgate World Mixed Golf Championships.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.30 Morning Movie: "In The Doghouse," starring Leslie Phillips. 1.20 pm North East News and Lookaround. 3.30 Time To Spare. 3.50 The New Andy Williams Show. 5.15 Mork and Mindy. 6.00 Northern Life. 7.30 TV Movie: "Mr. Inside/Mr. Outside." 11.00 Check It Out. 11.30 Mannix. 12.30 am Epilogue.

ULSTER

10.30 am Tuesday Morning Movie: "Genevieve," starring John Gregson, Dinah Sheridan, Kenneth More and Kay Kendall. 1.20 pm Lunchtime. 3.30 Chopper Squad. 4.18 Ulster News *Headlines.* 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Milestones or Millstones. 6.30 The Best Disco in Town. 7.30 George Hamilton IV. *8.00* The New Avengers. 11.00 The Outsiders. 12.00 Bedtime.

WESTWARD

10.30 am Sesame Street. 11.30 Call Macaroni. 11.50 Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward *News Headlines. 5.15 Stars On* Ice. 6.00 Westward Diary. 7.30 Thundercloud. 8.00 BJ and the Bear. 10.28 Westward Late News. 11.00 *Barney Miller. 11.30 The Sweeney.* 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.30 am Mumbly. 10.45 Beachcombers. 11.10 Journey to the Centre of the Earth. 1.20 pm Calendar News. 3.25 Calendar Tuesday. 3.50 Cabbages and Kings. 5.15 The Squirrels. 6.00 Calendar (Emley Moor and Belmont Eds). 7.30 Lucan. 11.00 The Human Face of China. 11.30 Side Street.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Radio 1 Road Show. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm *Waggoners' Walk.* 12.30 Derek Hobson's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. *5.20 John Dunn (S). 6.45 Sports Desk.* 7.02 On The Third Beat (S). 7.30 Sports Desk. 7.33 Folk 79 (S). 8.02 Nordring Festival 1978 (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Jan Leeming (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 *This Week's Composers: The Wesleys* (S). 9.35 Debussy and Messiaen piano *recital* (S). 10.05 *"The Impresario,"* one-act opera by Mozart (S). 10.55 Cricket: First Test—England v. India including 1.35 pm News. 1.40 The Arts *Worldwide. 2.00 Lunchtime scoreboard.* 6.30 At Home. 7.10 Pied Piper (S). 7.30 English Piano Music (S). 8.20 BBC Northern Symphony Orchestra, concert, part 1 (S). 9.05 Interval Reading. 9.15 Concert, part 2. 10.00 Mind, Matter and Mechanism. 10.45 Schumann piano recital (S). 11.00 *Victoria* (S). 11.55-12.00 News.

Medium Wave as follows:— 6.00-7.00 am Open University. 10.55 Music *for Cello and Piano (S). 11.55 Midday* Concert (S). 1.00 pm News. 1.05 The Arts Worldwide. 1.25 Schubert Looks Back (S). 2.05 Respighi concert (S). 2.50 *In Partnership.* 3.35 Music of the Dreaming. 4.15 Jazz Today (S). 4.45 Light Music Miniatures (S). 5.45-7.10 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday *in Parliament.* 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-*Minute Theatre. 11.30 A Sideways Look At* . . . 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.20 *Desert Island Discs.* 12.55 *Weather;* Programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. *3.00 News. 3.05 Plays on 4.* 3.10 Questions to the Prime Minister. 3.35 The Adventures of Harry Richmond (S). 4.30 Announcements. 4.35 Story Time. *5.00 PM: News magazine. 5.50 Shipping* forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Libel. 8.45 The Chemistry of Violence. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lines from my Grandfather's Forehead. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 *London Live.* 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night *London.* 12.00 *As Radio 2.* 12.05 am Question Time. 1.05-5.00 Join Radio 2.

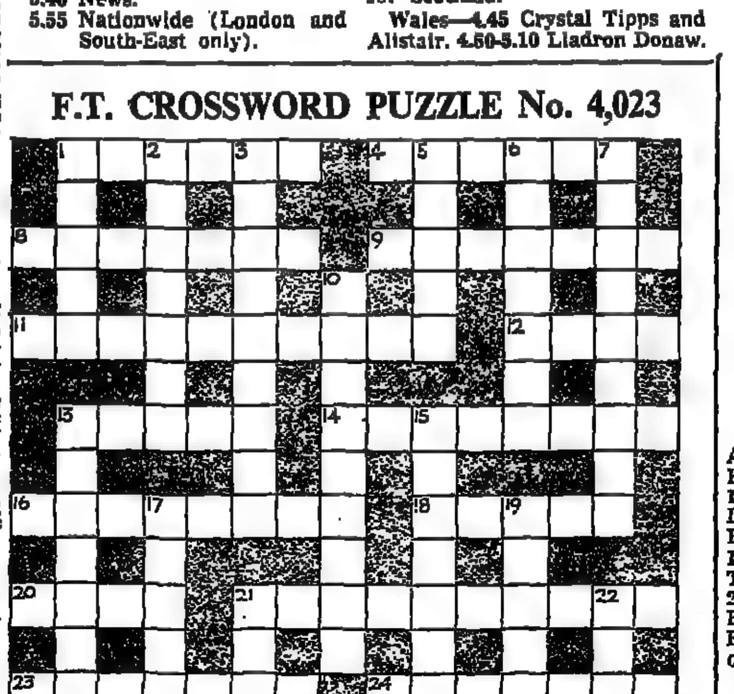
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's *Breakfast* Show (S). 9.00 Michael Aspel. 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,023



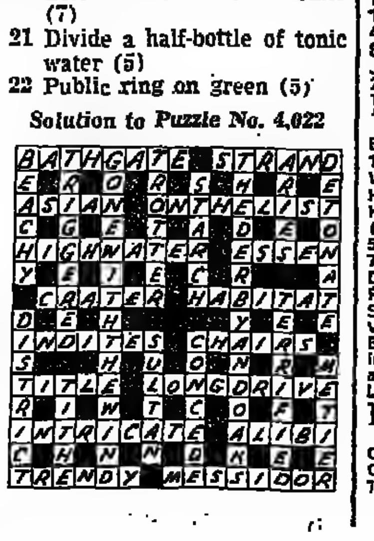
ACROSS

1 Adjourn in alcove (6)
4 Feline drink? What a sauce! (6)
8 Not in with support otherwise could remain longer (7)
9 Has his hookah got this in it? (7)
11 Consider it could be inten*tional* (10)
12 Gave a false impression about German song (4)
13 Blood around pole in shrub (5)
14 Like some modern buildings to offer big increase in salary (4-4)
16 Mixed in caster and tea-caddy (8)
18 Another person in thought *to make different* (5)
20 Network making me quiet (4)
21 Take a photograph of monster flower (10)
23 Fix dance and bagatelle (7)
24 Rich widow is invited to gamble (7)
25 Land in *eastern country* (6)
26 Charm a stubborn animal before start of training (6)

DOWN

1 Awaken us with caviare around (5)
2 Dismiss the man with the money (7)
3 Announcement of a financial record (9)
5 Stone article over entrance (5)
6 Start of Scottish choral arrangement for pupil (7)
7 Body of constables on ship *or it could be the owner* (9)
10 Launderer used to be her chap (9)
13 Source of wine or rumour (9)
15 Watch space where defaulters are confined (5-4)
17 Occupy in official dress (7)
19 *Toil in track around state* (7)
21 Divide a half-bottle of tonic water (5)
22 Public ring on green (5)

Solution to Puzzle No. 4,022



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Season opens Aug. 6: 2 Cycles, The Ring of the Nibelung. Die Fledermaus; La Traviata. Booking is now open.

COVENT GARDEN. CC. 01-240 1066. (Gardencharge Credit Cards 01-836 6903) THE ROYAL OPERA. Ton't & Fri 7.30 Cavalleria rusticana/Pagliacci. Tomor 7.30 Hippolyte et Aricie. Thur & Sat 7.30 Idomeneo. 23 July-4 August MARTHA GRAHAM DANCE COMPANY with LIZA MINNELLI (23, 25, 26, 28, 30 July. 23 July Gala Perf. introduced by Martha Graham. 65 Amphi seats avail. for all perfs. from 10 am on day of perf.

GLYNDEBOURNE. 0273 812411-813424. Sold Out—possible returns only Tonight, Thurs, Sat & Mon at 5.10: Così fan tutte. Tomor, Fri & Sun at 5.30: La fedeltà premiata with London Philharmonic Orchestra.

ROYAL FESTIVAL HALL. 01-928 3191. Monday Next—One Week Only. PEKING OPERA. Evgs 7.30. Repertoire includes: At the Crossroads Inn. The Imperial Concubine gets Drunk. Halting the Horse. The Autumn River. Phoenix of Fire. The Yandang Mountains. Women Generals of the Yang Family.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 01-837 1672. Last Week. BALLET RAMBERT. Evgs. 7.30. Tonight: Running Figures; I'll be in Touch. Pierrot Lunaire. Celebration. Tomor to Sat: Cruel Garden. Aug 27-Sept 1: THE SCOTTISH BALLET.

WESTMINSTER. CC. S. 01-834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00. THE MUSICAL THEATRE COMPANY. THE MIKADO. Company includes Chris Booth-Jones, Fiona Dobie, Dianne Stafford, Neil Jenkins, Rosemary Jenner, Thomas Lawlor, Martin McEvoy, Philip Summerscales, Alison Truitt. LIMITED SEASON.

THEATRES

GARRICK. CC. 01-836 4601. Evgs. 8.0 (sharp). Wed. 3.00. Sat. 5.30 and 8.30. DENNIS QUILLEY in IRA LEVIN'S NEW THRILLER DEATH TRAP. "THREE CHEERS FOR TWO HOURS OF VERY INGENIOUS, VERY FUNNY, MARVELLOUS ENTERTAINMENT." S. Tel. "VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Red. Price Prevs. Evenings at 8.0. Opens July 25 at 7.0. ANTON RODGERS, GEMMA CRAVEN, DIANE LANGTON, ANDREW C. WADSWORTH, DAVID HEALY in SONGBOOK. A new musical by MONTY NORMAN and JULIAN MORE.

GREENWICH THEATRE. CC. 01-858 7755. Evenings at 8.00 (sharp). Mat. Sat. 2.30. "Pirandello's great play." Ev. Std. SIX CHARACTERS IN SEARCH OF AN AUTHOR. "I urge everyone to see it." S. Tel. Tickets from £1.60.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. KEITH MICHELL, SUSAN HAMPSHIRE in THE SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI. "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." News.

HER MAJESTY'S. CC. 01-930 6606. Evenings 8.00. Fri., Sat. 5.15 and 8.45. AIN'T MISBEHAVIN'. The New Fats Waller Musical Show. "A RIOTOUS HIT." Daily Mail. "JUBILANT. THE BEST PERFORMANCE OF ANY MUSICAL IN LONDON." Obs.

KING'S HEAD. 01-226 1916. Dnr. 7.30. Show 8.30. FIFTY WORDS; BITS OF LENNY BRUCE. "Certain acts are just sheer brilliance." Time Out.

ROYAL COURT. 730 1745. Air cond. Evgs. 7.30. Sats. 4.30 and 7.30. REGGAE BRITANNIA by Leigh Jackson. Reggae music live on stage. DUTCH HOPE. Late Night Show at 10.30 on Thur., Fri. and Sat.

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. "BILL PATERSON . . . one of those young lions of British Theatre." FT. WHOSE LIFE IS IT ANYWAY? PLAY OF THE YEAR. West End Theatre Awards. by Brian Clarke. "Momentous play. I urge you to see it." Guardian. Evgs. 8. Sat. 5.45 & 8.45. Red. price Matinee Wed. 3.0. 2nd GREAT YEAR.

ST. GEORGE'S. THE ONLY ELIZABETHAN TH. Tufnell Park Rd., N7. 607 1128. Mats. Tues. & Sat. 4.00. Evgs. 7.30. Tonight & Tomor AS YOU LIKE IT. Thur. to Sat. JULIUS CAESAR. Mon next to Wed: RICHARD II.

ST. MARTIN'S. Credit Cards. 836 1443. Evenings 8. Mat. Thur. 2.45. Sat. 5 & 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 27th YEAR.

SHAFTESBURY. 836 6596. CC. 836 4255. Evgs. 7.45. Fri. and Sat. 5 and 8. BAWDY COMEDY MUSICAL CANTERBURY TALES. LAST TWO WEEKS OF SEASON—ends July 28.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE—WE'RE BRITISH. LONGEST-RUNNING COMEDY IN THE WORLD.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS. From 8.00. Dining and Dancing. 9.30 SUPERB REVUE BUBBLY. At 11: THE DELTA RHYTHM BOYS.

VAUDEVILLE. CC. 836 9988. Evs. 8. Mat. Wed. 2.45. Sat. 5 and 8.30. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT. "Sheer Magic." Fin. Times. "This is Eliot's Greatest Play." D. Tel. Theatre is fully air conditioned.

هكذا من الأحل

Kenwood/National Portrait Gallery

Portraits of society by DAVID PIPER

At Kenwood until September 30 (and n.b. open daily to 7 pm): *Thomas Hudson 1701-1779*. At the National Portrait Gallery until September 9: *John Singer Sargent and the Edwardian Age*. The coincidence is a happy one, and the opportunity to compare similarities and contrasts in the work of the leading society portrait painters of the reign of George II and in that of the outstanding one of the last decade of Victoria's reign and of Edward VII's brief and belated but opulent sway, is not to be missed. If, in some ways, it is a case of *plus ça change*, in others things are very different.

Hudson's is his first ever one-man show. He is remembered generally, if at all, as Sir Joshua Reynolds's master and as a convenient name to attach to unattributed portraits of the mid-18th century, indicating thereby that the style of the object in question is bland, formal and conventional.

Expectations of meticulous and polished detailing of splendid expensive costume, male or female, may well be met: the sitters will be posed fairly stiffly, within an elegant decorum, the ladies as if constrained by a backboard. Confidence that individual features, the likeness, would have been recognisable to contemporaries, though somewhat generalised, is probably justified; but there will be none of that dramatic production (in the theatrical sense also) of individual character—of mood, and temperament expressed physically, often in pose of body as in facial expression—with which Hudson's pupil Reynolds was to galvanise English portraiture back into life. The Hudsonian qualities are indeed to be found at Kenwood in the chronological survey of authentic work by him, but they are found at their best.

"Honest similitudes," said Horace Walpole of Hudson's portraits. The paintings are most professionally competent, rich in colour; the world they reflect is untroubled by doubt, the pretensions of the sitters (the artist has almost none) apparently unshakeable as they gaze with benign complacency and self-satisfaction upon us. If individually they might not endure for ever, surely the social order in which they abide is eternal.

But alas now gone for ever—and for the non-specialist the charm of these portraits may lie in the poignancy of that lost never-never land no less than in the decorative qualities of the painting.

For the specialist, the exhibition is important indeed, demonstrating not only the development of Hudson's style, as never managed before, but revealing also subtleties of characterisation that one has not previously associated with him, raising questions as to his impact on the young Reynolds but also as to the impact of Reynolds in his early maturity on the work of his former master. The catalogue, by Ellen G. Miles and Jacob Simon, is a substantial contribution to the history of English painting.

Sargent, 150 years on, seems to share his predecessor's confidence in the security of the society in which he lived and whose upper ranks he too portrayed. Both Hudson and Sargent abide within the genealogy of a dominant strain in English portraiture, the founding father of which is Van Dyck. Hudson, however, marks a reaction against the fully baroque heirs of Van Dyck—Lely, and then Kneller, who died as late as 1723—in the direction of a more classicising continental academic tradition as of Mengs or Batoni in Italy.

Faces are stroked by the brush into inexpressive regularity. The bodies are literally clothes-horses, more often than not painted by the drapery painter, notably Van Aken (as the exhibition demonstrates admirably) who presided body and clothes also for Hudson's rivals like Ramsay and Winstanley. The liquefaction of Van Dyckian silks becomes a stiffer satin, the cupboard noise of which is no longer a fluid whisper but an almost starched crepitation.

Sargent on the contrary recaptures (together with perhaps Augustus John and Ambrose McEvoy in certain moods) perhaps for the last time the baroque brio of Van Dyckian portraiture; the world in which it was viable vanished, with the long Edwardian high summer, in the autumn of 1914. The poignancy of the society that Sargent recorded is perhaps not so much that it is gone for ever, but that it was clearly, unlike the early Georgian atmosphere caught by Hudson, extremely agreeable to live in, provided you were at the right level of society.

Even when war had struck, Sargent painting two soldiers stealing fruit suggests in the dappled light that the venue is the Garden of Eden rather than embattled France. His more usual subjects, the cream of society's cream, are supremely elegant; most unlike Hudson's, his women's clothes, pale airy silks or lawns, flowing or afloat, seem to blush into colour as you look. The poses, which like Hudson's often echo Van Dyck's, are, however, relaxed, easy; his groups of feminine elegance are as fresh and delicate as clusters of newly picked flowers.

He does, of course, flatter, but this is (contrary to some assessments of him) not normally by vulgar prettifaction of the features. Consider — a splendidly handsome exercise this — *Mrs. Henry White*, technically brilliantly executed, but not agreeable: she expresses uncharmingly a very chill disapproval. Sargent could, of course, paint beauty, but he also conveys at times an implicit comment that must be sardonic; he could also capture shifting psychological nuances — *Mrs. Charles Russell*, lurking in a magical twilight behind a pillar. Flattery of his sitters is, at his best, achieved by equating them with a superb pictorial design.

It is true that he does use some tricks, most blatantly the fashion plate artist's one of elongating his sitters' bodies—the *Duchess of Portland* is a dream, but she is also at least ten feet tall. On the other hand, elongation in the admirable *Balfour* reads as a psychological truth inherent in the subject. In the *Earl of Dalhousie*, Sargent takes a pose (leaning on a plinth, one arm akimbo) that had been repeated *con. var* from Van Dyck on—by Hudson, by Reynolds—and transposes it with easy assurance into Edwardian terms—a white duck suit for summer, unbuttoned jacket sloping to right, the pale line, where a hat has protected his forehead from the sun, sloping to left, yet the whole an epitome of aristocratic distinction.

Occasionally, when he was bored, you may catch his hand performing with an automatic slickness the office that Hudson's drapery painters performed for him, but generally the astonishing and fresh virtuosity of technique is everywhere apparent, in the swift watercolours no less where he could seize the moment on the wing. He was a master of the impression, yet though quite aware of the Impressionist and Neo-Impressionist work going on in France (he painted Monet), his artistic ancestors in his essentially tonal painting are rather Van Dyck, Hals and Manet, but above all Velasquez. The magically shadowy *Daughters of Edmund de Boit* that greets you as you approach the exhibition is a worthy salute to Velasquez, a daring echo of *Las Meninas*.

John Singer Sargent and the Edwardian Age, with excellent catalogue by James Lomax and Richard Ormond, inaugurates the new temporary exhibition area in the National Portrait Gallery proper (ie, *not* in the extension at Carlton House Terrace), a very successful adaptation of existing space and, unlike so many, managing to respect the qualities of the original architecture.

First shown at Leeds, the show is scheduled to transfer to Detroit.

The Duchess of Ancaster by Thomas Hudson, and Mrs. Carl Meyer and her Children by J. S. Sargent

Festival Hall

Andrei Gavrilov by DOMINIC GILL

Five years ago, when he was only 19, Andrei Gavrilov won first prize at the Chaikovsky Piano Competition in Moscow. From his records and concert appearances since, we know him to be a prodigious, if somewhat erratic, talent. He is still very young: and we are all inclined to treat youthful high spirits with a mixture of envy and indulgence. But Gavrilov's performance of the complete set of 12 Etudes op. 25 which went to make up the first half of his all-Chopin recital on Sunday afternoon was for the most part so weird, and so careless, and at its worst so indescribably vulgar, that all the usual allowances for "youthful waywardness" were pushed to their limits, and beyond.

Gavrilov's recipe for the Etudes was in any case an uncomfortable one, and unlikely to succeed: play all as fast as possible (and if possible, faster); at the fastest keep the sustaining pedal firmly down; mix well with sugar-candy rubato—and shake up with a repertoire of oddball emphases and quirks ranging from the maddening (but intriguing) to the plain silly.

The manner was very hip, very casual, reinforced at climaxes with a lurch of the torso, a glamorous toss of the head. Did you ever *hear* an F minor Etude played so smooth and so fast?—Gavrilov seemed to be saying. And the answer came, without hesitation—Yes, Mr. Gavrilov, just as smooth, just as fast, and very much better. Whether he was actually articulating the triplets of the F minor Etude or just rolling them together was impossible to perceive: an impressionist wash of sound—over-pedalled we can say confidently, for Chopin's markings are precise and unambiguous in this respect; and on a more subjective level, startlingly wrong-headed—for an F minor Etude reduced to a buzzing blur, without any beat between the opposing rhythms of left and right hands, is as far as can be imagined from what Chopin can possibly have intended.

Only part of the blame can be put on the instrument. Gavrilov seemed to be using one of the softer-centred Steinways that have little brilliance or glitter in any of the registers, but unfailingly, even when stamped on hard, make a beautiful sound. All the more important then that he should have kept scrupulously away from the pedal, and have taken every opportunity to sharpen the texture—did he really listen to, and like, while he was playing, the mush of notes he conjured from the B minor octave Etude? The D flat Etude in sixths was even technically clumsy, blurred by pedalling and express-train speed almost out of recognition. But the clumsiness of the last, grand C minor Etude was only musical—the big melody thrashed out like a syrupy Russian hit-tune.

Gavrilov was in a more serious frame of mind when he returned after the interval with the D flat Nocturne—just the piece for his pretty piano — and the B flat minor sonata. In the sonata's first movement there were fine things, much urgency and fire; and far less pedal-blurring—which showed us how he could use the instrument if he tried. He made the usual mistake of repeating the exposition only from the *doppio movimento* double-bar, instead of going right back to the Grave four-bar introduction — how many pianists, without the slightest authority from the score, thus omit at a stroke that wonderful modulation (only at its second appearance recognised for what it is) from D flat to B flat minor!

He made a brief return, in the outer sections of the scherzo, to his Etude Express; but the piu lento middle section, like the whole of the Funeral March, was very grandly and sensitively unfolded, and gratefully unblurred, another glimpse of the real pianist behind the adolescent mask. The finale was splendid, a muted roll of distant thunder. For his first encore, Gavrilov started again on the Etudes, the C sharp minor now of op. 10, and I retreated fast. It will be good to hear him again soon: but first he must calm down, sit, listen, and think.

Old Lyric in new guise

The Lyric Theatre Hammersmith reopens on October 18 with a new production of Shaw's *You never can tell*, directed by David Giles and starring Peter Egan, Paul Rogers, Sian Phillips and Frank Middlemass. Once inside the auditorium the new Lyric is identical to Frank Matcham's design of 1895 which was knocked down, despite strong protests, in 1972. In fact the theatre is incorporated inside a modern and much less attractive redevelopment scheme.

The contrast between the brutalist exterior of the Lyric and the Victorian interior is striking although the contemporary facilities, in terms of bars, ease the transition. Every effort was made to build an exact replica of the early Lyric, which with its 537 seats on three levels, offers an intimacy quite beyond the powers of modern theatrical design. However the back-stage facilities are commendably modern.

The artistic administrator Bill Thomley who was at Edinburgh sees the Lyric as a London theatre, albeit a west London one, rather than a feed for the West End or a try out venue. The first six month season offers *Hay Fever* and *The Wild Duck* as well as the Shaw, and there will be a British premiere of *Waiting for the Parade* by the Canadian writer John Murrell and a pantomime, *Aladdin*, written by Sandy Wilson.

One advantage of the redevelopment scheme is the opportunity it has provided for an adjacent studio theatre which opens on October 24 with Fenella Fielding's cabaret theatre entertainment, *Fenella and Friends*. It is followed by the London premiere of *Landmarks*, by Nick Darke. In the main theatre there will be three Sunday night celebrity recitals: *The Muses Combined*, with Princess Grace of Monaco among others; *He and She*, with Frank Muir and Dorothy Tutin; and *The Story of the Lyric*, featuring Paul Scofield, who will also speak the prologue on the first evening.

Although administered by a Trust, the Lyric is greatly helped by a subsidy of £320,000 from Hammersmith Council, which rebuilt the theatre at a cost of £3.2m. The GLC has provided a small guarantee against loss but the bulk of revenue will come from ticket sales. The only problem with the Lyric is that it is within a few hundred yards of the successful Riverside Studios which also looks to the local council for substantial financial aid.

ANTONY THORNCROFT

Glyndebourne

La fedeltà premiata by RONALD CRICHTON

Sooner or later Glyndebourne was bound to dip into the big bran-tub of Haydn's operas. While these were being rediscovered and tried out at other festivals, Glyndebourne was busy in other fields. So Haydn had to wait—though he is one of the greatest composers he was not a great musical dramatist like Monteverdi or a born opera man like Cavalli. But delay did Haydn no harm. The result has been a happy choice of work for Glyndebourne, a production carefully thought out, admirably prepared and executed, and a first night on Sunday of a smoothness and brilliance not always guaranteed even by hard work and generous rehearsal.

Success came in spite of a wait of another kind. The performance started (and ended) late because some of the audience were delayed by fire on the line—"a forest fire," as one railway official described it, no doubt unconsciously under the spell of a sylvan opera. There was plenty of time to reflect that, though Haydn had reason to regret the isolation of Eszterháza, where he worked for so long and where he wrote most of his numerous operas, at least the place was not served by British Rail.

La fedeltà premiata (1781) was written to open the new princely theatre at Eszterháza, built to replace one destroyed by fire. It is a festive piece, with overtones of the chase, which Prince Nicolaus Esterházy loved (though he loved music more). Since in John Cox's production at Glyndebourne it seems so much a princely divertissement, it is worth noting that the libretto by Giambattista Lorenzi was not written for Haydn but had been set before, for example by Cimarosa whose version, differently titled, was produced not in an artificial aristocratic paradise in the Hungarian marshes but in hard-headed, noisy Naples.

The complicated details of the plot are decorations on a central situation both simple and comically fruitful. The scene is ancient Cumae. One of Diana's nymphs has lapsed from virtue. The chaste Goddess of hunting has decreed in her wrath that each year a pair of faithful lovers shall be sacrificed to a monster. Needless to say the curse has the opposite effect to the one intended—fidelity and by inference chastity are actively discouraged. All the principal characters are on the prowl, changing their prospective prey before they can be chosen as a constant couple—all, that is, except the shepherd Fileno, a dreamy boy passionately loyal to shepherdess Celia but slow to realise what is going on, and Celia, who loves Fileno in return but knows it would be fatal to say so.

Julia Hamari

John Cox stages the imbroglio in settings by Hugh Casson more Eszterháza than Cumae and with some references nearer to present time and place—one of Sir Hugh's romantic backcloths shows a baroque palace at the end of a vista, another leads the eye down a broad grass ride to a curve of downland on the horizon. In front of the gardenscapes are architectural fantasies with steps, rocks and a grotto, and boats gliding on canal or lake. Costumes are beautiful and beautifully made. The scene-painters (un-named) deserve as much credit as Robert Bryan does for his lighting. The general effect has an unostentatious finish and care rare in opera houses today.

Much about the staging, with young people dressed as shepherdesses and what-not draped about the stone hunting trophies at the front, mingling with the soloists and helping to remove disguises in view of the audience, suggests an elaborate charade at an 18th-century house party—the sort of surroundings in which Maria Theresa's daughter Marie Antoinette might have learned to play at being a dairy-maid. This neither hindered nor, I thought, helped very much, though the dressing-up element was certainly one way of presenting the sequence of fantastic events, including an invasion of satyrs, bears, boar and other wild life.

Neither Haydn nor his librettist could draw characters in three dimensions. Not even Mozart had done that yet (*La fedeltà* was written about the same time as *Idomeneo* but is nearer the slightly earlier *La finta giardiniera*), though he was soon to do so. But they reach two dimensions. Often in *La fedeltà* one sees what happens when a great composer sets a comic libretto of this type and depth of feeling with powerful musical invention to produce unexpected ambiguity. To take the most striking example in a score packed with marvellous if not ideally theatrical music, the producer pretends to make us mock at Celia dressed as the daintiest of lovelorn shepherdesses or at the outrageous Amaranta, who wants to be the prettiest and wittiest woman in the party and steal the best and most important males as well, but the flood of revealing, eloquent music Haydn gives them compels sympathy. Many of the arias are short and effective in a way Mozart did not master for some time to come. But Haydn is at his greatest in the extended ones like solo cantatas, where he can pour out tunes and endless instrumental and harmonic wealth.

The soloists are individually gifted and a well matched team. Young Nerina, able to look after herself in a naughty world but a good and sensible girl at heart, is sung by the American Kathleen Battle with a poise and charm that never degenerate into pertness—but she must mind her words. Sad Celia is Julia Hamari, another newcomer to Glyndebourne, a Hungarian mezzo from Munich. A considerable, musicianly artist whose voice, heard not long ago ringing round La Scala in Rossini's *Mosè*, adapts perfectly to the smaller house—only one or two ugly snatches at the beginning of phrases disturbed the even flow. Sylvia Lindenstrand, a singing-actress of clear-cut style, made Amaranta a gorgeous, impossible but finally likable bird of paradise.

The tenor roles, Amaranta's brother Lindoro and faithful shepherd Fileno are given to James Atherton (first time in England) and Max-René Cosotti, who is developing into a sensitive useful light tenor. Their costumes are too similar—Sir Hugh's one error in this department. The voices on the other hand, both agreeable, are nicely different, though they might suit each other's role even better. From Richard Van Allan, as the depraved, shifty and unctuous High Priest Melibeo (since his office protects him he can and does chase the ladies as much as anyone) and from Thomas Allen as the dithering, absurd, randy traveller, Count Perrucchetto, come two first rate comic performances. The tangle is resolved by Fileno offering himself for sacrifice in place of Celia and Perrucchetto, who have finally emerged as the doomed couple. At that point the slavering monster is changed to a vision of Diana, in the comely person of Eiddwen Harrhy, dispensing clemency aloft from a streamlined celestial machine.

There is a ballet, choreographed by Terry Gilbert, rather untidily romped through on Sunday. This is an interpolation, justifiable since overall form is not one of *La Fedeltà's* strong points, but mistakenly including a repeat of the overture, which is the same as the finale of the *La Chasse* Symphony—there must be dozens of other hunting-pieces by Haydn from those years. There are one or two arias not in the Universal Edition score or the Philips recording. They didn't seem essential additions, but such things can be sorted out at future revivals. Read the (Italian-English) libretto available at Glyndebourne, but be warned that it is not entirely the same. As for the records, better leave them till afterwards, for Haydn's music without the stage action can give a quite different impression. At a later stage (the recording is a good one), they will give much pleasure.

With this production, the first entirely new opera presentation he has conducted in this house, Haitink takes his place with Busch and Gui as one of the big ones of Glyndebourne. His Haydn is lithe and lively with depth as well as surface sparkle, the darker moods married with admirable sureness to the high spirits. Haydn's points of colour are not crudely underlined, but they tell. The London Philharmonic horns (the Prince and Haydn chose their players with care) had a field day. Ravishing solos fell from the woodwind, and for this occasion the strings sounded as warm as if they were Haydn's own players in the theatre at Eszterháza.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

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A battle on many fronts

PRESIDENT Carter, in a long-awaited display of leadership and determination, has declared that the U.S. will never allow oil imports to exceed the 1977 level of 8.5m barrels a day and that imports will be reduced to about 4m barrels a day by 1990. None can doubt the sincerity of the President's commitment or the force of his appeal to the American people, but for the rest of the world what matters are the practical questions—are the goals realistic, will the measures proposed by President Carter be sufficient to achieve them. Is there the political will to carry them through? Some scepticism is inevitable when one recalls the fate of President Carter's earlier "declaration of war" on the energy crisis and of President Nixon's Project Independence, proclaimed five years ago.

Optimistic

Amid the general criticism of American greed and President Carter's indecisiveness, the magnitude of the problem facing the U.S. is sometimes underestimated. The starting point is the recent projection by the Energy Department that, even on reasonably optimistic forecasts of supplies of domestic oil, natural gas, coal and nuclear energy, oil imports are likely to rise from 8.5m barrels a day in 1977 to around 14m barrels by the late 1980's.

The scope for policy changes which will dramaticaly alter these projections is limited. President Carter is pinning some hope on anl ncrease in coal supplies, especially to the utilities, but the Energy Department's projection already assumed a substantial growth in coal's contribution (from the equivalent of 7m to 12m barrels a day). Even if the proposed Energy Mobilisation Board clears away some of the environmental obstacles which have held back investment in coal, it is hard to see much improvement on the Energy Department's figures within the ten-year timescale which President Catrer is using.

The President's failure to mention nuclear power in his address to the nation on Sunday night was disappointing, but he did say in Kansas City yesterday that nuclear power must play an important role in ensuring America's energy future. If this lukewarm endorsement implies a desire to reduce the time needed to plan and build nuclear power stations, so much the better, but here again the benefits of accelerated investment in nuclear energy are not likely to be seen until the 1990's.

There is some scope for stimulating domestic oil and gas production through price deregulation: the proposed windfall profits tax should not be so punitive as to discourage nek exploration and development. But even if the incentives are adequate, the U.S. will be hard pressed to maintain oil and gas production at the present level.

Thus any programme to reduce U.S. dependence on imported oil mist has to involve unconventional sources of energy and, of course, conservation. President Carter has proposed the creation of an Energy Security Corporation which will invest in alternative energy sources, including oil shale, gasohol from plants and coal liquefaction. This is a sensible decision which should have been taken some years ago, but the President may be optimistic in suggesting that 2.5m barrels of imported oil can be replaced by synthetic fuels as early as 1990.

Incentives

There are possibilities, too, in solar power, which the President hopes will provide 20 per cent of the country's energy by the year 2000. The most promising avenue seems to be not the large, high-technology projects which could create severe environmental problems, but the application of solar heating to new and existing buildings. The task for the Administration is to devise the incentives and organisation which will exploit this potential.

The same applies even more strongly to conservation, particularly the improvement of thermal efficiency in buildings. As a recent study by Harvard Business School researchers has pointed out, conservation has no clear constituency in the way that coal, oil and nuclear do. Increased conservation requires decentralised decisions by many thousands of businesses and households. To influence these decisions there will need to be a carefully designed mixture of realistic energy prices, incentives, subsidies, regulation and information.

Changing the pattern of America's energy consumption is not comparable to putting a man on the moon. Although some of the managerial and technical skills used in that programme will be needed, the organisational problems are much more difficult. It is a battle on many fronts and no potential source of energy can be ignored. But it is the behaviour of the individual energy consumer which will be crucial.

A fresh start in Strasbourg

JULY 17, 1979, could turn out to be an important date in European history. Unfortunately, as with all such pronouncements in recent years, one has to add the immediate qualification: "but then again, it may not." With today's opening of the first session of the directly elected European Parliament in Strasbourg, the European Community is setting out on uncharted waters. The impact that the Parliament's new status will have on the course of European integration is unlikely to be known for some time. The answer is in the hands of the 410 newly-elected European Parliamentarians, many of whom, particularly in the case of the British members, have little or no political experience.

Influence

There are at least two schools of thought about how the European MPs (or MEPs) should set about their task. The first, which is probably the majority view, is that they should try to make the best use of the powers the Parliament already has and seek greater influence over Community decisions without deliberately rocking the boat. The second is that they should go all out for greater power, without shrinking from a major confrontation with national Governments if that becomes unavoidable. In practice, they are unlikely to succeed with the former approach unless they make it quite clear they are holding the latter in reserve.

The MEPs are in a good position to take the initiative if they want to. The new European Monetary System has, so far, stood up to the strains on it, but national Governments are on the whole short of fresh ideas about the further development of the Community—or the reform of existing policies, such as the Common Agricultural Policy, that are clearly going wrong. If the directly elected Parliament wants to make its mark, it must lose no time in convincing the Community's two other main institutions, the Commission and the Council of Ministers, that it is a different animal from its indirectly elected predecessor.

The MEPs will find it easier to convince the Commission, the Parliament's natural ally, than the Council of Ministers. The directly elected Parliament could easily be of use to the Commission by providing a genuine sounding-board of grass roots opinion in the Community. It could help to save the Commission from some of the politically embarrassing, though usually worthy, mistakes it has made in the past.

The hardest part will be to make headway against the Council, given French and British determination to keep the Parliament in its place. But there are a number of ways in which the Parliament can quickly show that it means business. First of all, it can decide to meet more often than the effective three and a half days a month that its predecessor devoted to plenary sessions. Next, it can tackle the Council head on over the ludicrous and expensive arrangement under which Parliamentary meetings are spread out between Brussels, Luxembourg and Strasbourg. It should decide to meet in Brussels, and meet there, regardless of what Governments say about Treaty rules, to which they, but not the new Parliament have subscribed.

Budget

There are many other possibilities. The Parliament can develop its committee system and start holding public hearings on the lines of those conducted by the U.S. Congress. It can assert its authority over the Community budget, even under existing rules. And it need not be inhibited by the rule book from taking policy initiatives, on any issues that it considers to be important. The Parliament's direct election has led to one of the most important potential changes in the Community's institutional balance since it was set up by the Rome Treaty. Those who want to see a new dynamism injected into European integration will be hoping that the Parliament does not muff its opportunity.

A confession, and a sermon, to Americans

ON THE PROBLEMS . . .

"It is clear that the true problems of our nation are much deeper . . . than gasoline lines or energy shortages, deeper even than inflation or recession . . . All the legislation in the world can't fix what's wrong with America."

★ ★ ★

"I want to talk to you . . . about a fundamental threat to American democracy . . . it is a crisis of confidence . . . that strikes at the very heart, soul and spirit of our national will. We can see this crisis in the growing doubt about the meaning of our own lives and in the loss of a unity of purpose for our nation. The erosion of our confidence in the future is threatening to destroy the social and the political fabric of America."

★ ★ ★

"Washington DC has become an island. The gap between our citizens and our government has never been so wide."

★ ★ ★

"What you see too often in Washington . . . is a system of government that seems incapable of action . . . a Congress twisted and pulled in every direction by hundreds of well-financed and powerful special interests."

. . . AND THEIR SOLUTION

"We are at a turning point in our history . . . energy will be the immediate test of our ability to unite this nation. It can also be the standard around which we rally. On the battlefield of energy we can win for our nation a new confidence."

★ ★ ★

"We can manage the short-term shortages more effectively and we will. But there are no short-term solutions to our long-range problems. There is simply no way to avoid sacrifice."

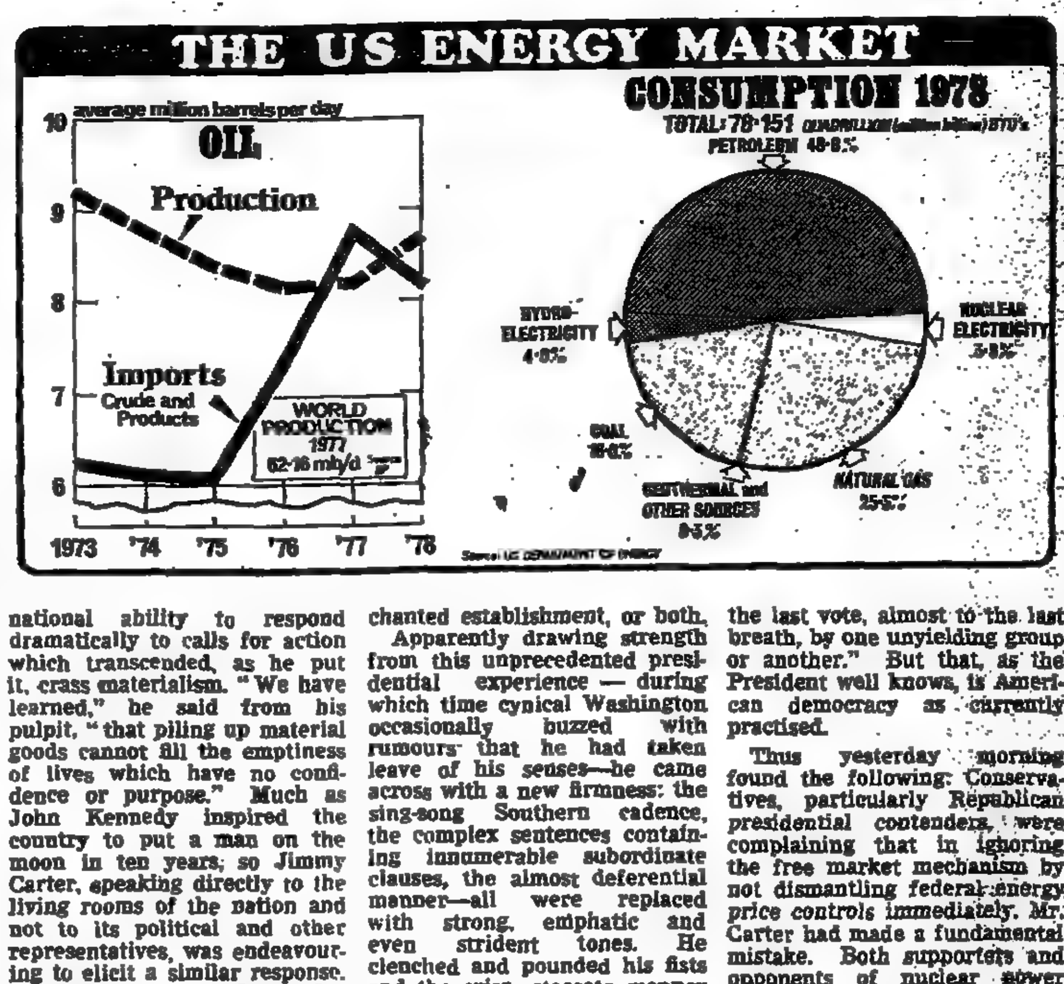
★ ★ ★

"Just as the search for solutions to our energy shortages has led us to a new awareness of our nation's deeper problems, so our willingness to work for those solutions in energy can strengthen us to attack those deeper problems."

Carter: crusader at the cross-roads

BY JUREK MARTIN, U.S. Editor

HEADS of State have different ways of working their wills on the public. Among recent American Presidents, Richard Nixon employed public pieties and private espionage; Lyndon Johnson, until Vietnam undid him, twisted arms until they hurt; John Kennedy relied on charm and the inspiration of vigorous youth. But surely no President before Jimmy Carter and few, if any, major national leaders elsewhere in the world, have had such recourse to self-criticism, almost to the point of self-flagellation, in order to set a nation, and a Presidency, on a new course.



It is quite clear that no single speech, not even one as extraordinary as the one delivered by Mr. Carter to the nation on Sunday night, can by itself salvage a faltering political career or instantly induce a new spirit of energy consciousness in a nation long accustomed to profligacy. Such changes can be wrought only by the consistent application of policies over long, tough months and years—the sort of practical follow-through at which this President has been so defective over the last 30 months. The U.S. has been introspective for too long now to be wakened from its deep sleep overnight.

But what Jimmy Carter did offer on Sunday night was a fascinating mixture of the old and the new which could have profound political, economic and social consequences. The old was the attempt to invoke once again the unique fires he kindled in 1976, when, as an obscure southern governor and peanut farmer, he managed to persuade enough Amricans that their government ought to be no better than themselves, and that there should be a relationship of trust between Government and people—a direct line of communication, as it were. His remarkable admissions of fallibility, his confession that he had become a mere manager not a leader, that he had become isolated from public sentiment by the institutionalised rigours of Washington, all were richly redolent of those early primaries three years ago, when he put the political establishment to the sword using the same magic formula.

Old, too, was his appeal to traditional American values and confidence—the known national ability to respond dramatically to calls for action which transcended, as he put it, crass materialism. "We have learned," he said from his pulpit, "that piling up material goods cannot fill the emptiness of lives which have no confidence or purpose." Much as John Kennedy inspired the country to put a man on the moon in ten years, so Jimmy Carter, speaking directly to the living rooms of the nation and not to its political and other representatives, was endeavouring to elicit a similar response.

The new Jimmy Carter lay essentially in the tone he adopted throughout his address. Close students of the President have long thought that though not a naturally distinguished orator, he is capable of impressive performances when deeply wrapped up in his subject: that was true of his first energy speech of April, 1977; of his moving address to the Israeli Knesset in March this year and again, palpably so, on Sunday night.

For 11 remarkable days he had been closeted in Camp David, conferring with the great and small, experts and outsiders, seeking more to find out what was wrong with the country than formulating narrow and particular solutions. He cancelled his original energy address set for July 5, simply because he concluded that another technical exposition would no longer serve the needs of the nation and probably would be ignored or picked to pieces by a disenchanted establishment, or both.

Apparently drawing strength from this unprecedented presidential experience — during which time cynical Washington occasionally buzzed with rumours that he had taken leave of his senses—he came across with a new firmness: the sing-song Southern cadence, the complex sentences containing innumerable subordinate clauses, the almost deferential manner—all were replaced with strong, emphatic and even strident tones. He clenched and pounded his fists and the crisp, staccato manner of his delivery when he enumerated his six-point energy plan almost succeeded in disguising the fact that he was proposing little—import quotas excepted—that was either new or not in train already. Even hardened Washington commentators yesterday morning had to confess they were impressed.

Indeed, it was the manner of Mr. Carter's presentation, rather than what he actually proposed, which was captivating the nation yesterday. Yet the reactions from precisely those partisan interest groups against which the President inveighed all served to demonstrate that direct appeals to the people over the heads of political and private institutions do not necessarily work. Congress is without doubt, as Mr. Carter said, "twisted and pulled in every direction by hundreds of well-financed and powerful special interests. . . with every extreme position defended to the last vote, almost to the last breath, by one unyielding group or another." But that, as the President well knows, is American democracy as currently practised.

Thus yesterday morning found the following: Conservatives, particularly Republican presidential contenders, were complaining that in ignoring the free market mechanism by not dismantling federal energy price controls immediately, Mr. Carter had made a fundamental mistake. Both supporters and opponents of nuclear power were declaring themselves deeply suspicious of his conspicuous omission of any reference to this power source. And environmentalists were proclaiming themselves to be aghast that the proposed Energy Mobilisation Board will short circuit bureaucratic and legal processes and were promising to challenge such authority in the courts.

Leaders in New England, where the first presidential primaries will be held next year, have been quick to point out that this region is more heavily dependent on imported oil than an other and thus will suffer most from any imposition of import quotas unless the government comes up with a way of sharing the burden more equally. The oil industry immediately took exception to Mr. Carter's renewed insistence that Congress enact a tough windfall profits tax; more generally, there was criticism that Mr. Carter did not address himself specifically to the parlous state of the economy, now apparently in the throes of a recession.

The special interest litany is familiar and has been a persistent thorn in Mr. Carter's side. It is safe to say that congressional attitudes have been changed by the early summer queues at the petrol pumps: it is likely that the President will get the standby petrol rationing authority that Congress denied him in the spring, plus some form of windfall profits tax and synthetic fuels legislation. But it is also worth noting that he is seeking to arouse public support for his initiatives at a time when the petrol queues are disappearing, and when Americans have begun again to drive more and use public transport less. The summer, as all politicians everywhere know, is not the best time to launch a crusade. Putting it crudely, special interest groups are quite capable of riding Mr. Carter's early punches and waiting for more favourable times to work their will—which is why, summer or no, the President may have to pound his energy message home relentlessly.

Fear among advisers

Moreover, all eyes will be on the public opinion polls. It has been Mr. Carter's low standing in public eyes that has enabled his opponents to work their will with relative impunity so far. Yet other presidents, Nixon in 1971 and Truman in 1947, for example, sank just about as low in the public's opinion as Mr. Carter and recovered. And since the President is generally quite well liked—if not thought to be especially competent—his position, at least until recently, probably was never as bad as the polling numbers suggested.

But the seemingly endless slide of the last few weeks has finally induced genuine fear among his advisers, who had previously consoled themselves that a recovery would be certain once Mr. Carter came to be matched up in the public mind against the alternatives—the Reagans, Connallys and Browns of the political landscape, all of whom appear to possess noteable drawbacks to electoral success. It had begun to appear that even the simplistic or ill-formed palliatives offered by the potential opposition were becoming attractive in comparison with a President whose ability to direct the Government was increasingly doubted.

Nowhere is the leadership crisis more starkly demonstrated than in the hypothetical contest between Mr. Carter and Senator Edward Kennedy. It is probably accurate to say that Mr. Kennedy, ten years to this week after the incident at Chappaquidick, does not want to run for President next year. But, being a Kennedy and a Democrat, he has to think in national terms, which is precisely how he is perceived by the electorate. The Senator's overwhelming lead over Mr. Carter in the polls stems from the fact that the public applies entirely different criteria in judging the two men: even those who, by any political logic, ought to prefer Mr. Carter are drawn to Mr. Kennedy because of the aura of leadership which surrounds him.

It is precisely this Droit de seigneur that Mr. Carter is now seeking to recapture. It will not be an easy task. The President is no longer the fresh, unscarred face who, running against the Establishment, was able to tap a source of national discontent. He now has nearly three years of bitter and publicised difficulties in government to overcome. In seeking to re-ignite the spirit of 1976 by offering the nation the same public partnership in the war on energy, he is asking not merely for acceptance of his past errors and omissions but for a national judgment that the reformed Jimmy Carter is worth a second chance.

And he is doing this at a time when inflation is still raging unabated, when the economy is slithering into recession and when unemployment will soon be on the rise again—and when the country is in a disgruntled, mean-spirited and iconoclastic mood. It certainly is not the most propitious moment to start anew. But having publicly cleansed his soul in his Sunday night confessional, the President is going to try to assert leadership, as traditionally and classically understood. Given the remarkable single-mindedness of purpose he displayed in becoming President in the first place, it would probably be premature, at this stage, to lay too many bets against his success.

MEN AND MATTERS

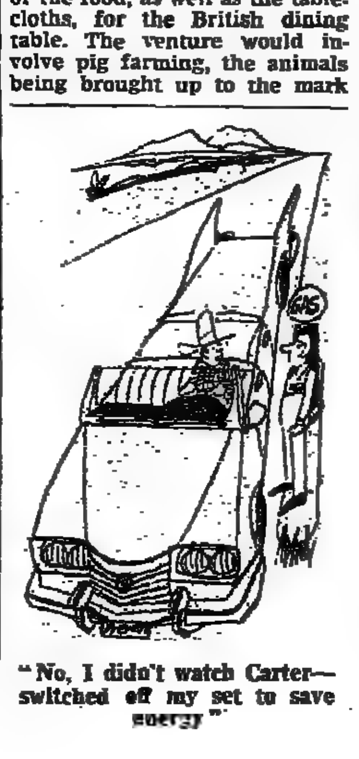
Bed—& breakfast for Britain

Leaving its political volatility to one side, among Portugal's other problems are its dependence on textile exports to the UK, inviting ever tighter quota restraints, and appalling agricultural performance: 50 per cent of all foodstuffs have to be imported. As if that were not enough, industry is grossly overmanned as a result of labour laws which make it extremely difficult to sack anyone.

A partial solution to some of these problems has just been produced by Coelima, one of the leading household textile exporters. The group employs 2,500 people, 500 more than it needs. And it operates in an area north east of Oporto where many, including full-time employees, farm smallholdings in a desultory sort of way.

Coelima's bright idea is to diversify into producing some of the food, as well as the tablecloths, for the British dining table. The venture would involve pig farming, the animals being brought up to the mark on the textile workers' smallholdings. Surplus labour from the textile plant would process the meat.

If the scheme gets off the ground, and Portuguese pork starts to find its way to Britain, it may come as unwelcome news to the British pigmeat industry (which is in a permanent state of protest about the Dutch and the Danes) to learn that this unlikely competitor reckons to have accounted for 60 per cent of UK bed linen imports last year.



"No, I didn't watch Carter—switched off my set to save energy"

Flagging attention

It had, of course, to be the Rev. Ian Paisley who noticed yesterday that the Union Jack hanging outside the European Parliament in Strasbourg was upside down. Paisley complained, and officials promised it would be put right in time for the first meeting of the newly-elected assembly.

English officials said they had not spotted anything wrong.

Tank tactic

President Carter's energy "spectacular" has one omission—he forgot the brick. A letter in the Washington Star asks anxiously about a means of saving fuel which is allegedly fashionable in California: "Someone has told me that a way to save gas is to put a brick in your tank—that way there is less room for gas and you wouldn't have to buy so much . . .

There is one matter troubling the reader, who is identified only by the initials R.S. "Could you tell me how to get a brick in there? The spout is too narrow for ordinary bricks. Is it OK to break it up and put in the pieces?" There is no suggestion that the questions are anything but deadly serious; perhaps they are based on the venerable notion that you can save electricity bills by putting a brick in your hot water tank.

Another marginal note on the presidential programme concerns the figure of $142bn, which was unveiled yesterday in Kansas as the projected cost of the ten-year U.S. energy plan. It sounded familiar to Arab banking experts in the City: $142bn was precisely the figure named for its five-year plan by Saudi Arabia in 1974, to soak up the sudden riches produced by the surge in oil prices.

Skin game

The item handed to economist Clive Bemrose by a Battersea postman seemed at first sight like a laconic farewell gift from United Brands, the transnational group which owns Fyffes in Britain. The postman was delivering a banana to Bemrose's home in Battersea, London—an unwrapped banana, but bearing a duly franked nine-penny stamp, and with the address engraved on the skin.

Bemrose has been working at the Economist Intelligence Unit on a study of banana distribution and pricing in Europe for United Brands, which is still smarting from the fine imposed on it last year by the European Court for "abusing its dominant position" in various European countries. (The fine was 800,000 Ecus, around £500,000). The study was completed last month—but the banana has turned out to be no more than a joke by a girlfriend.

The Post Office, admits it was perplexed to find this normally forbidden fruit in a post box. It decided on a public relations gesture, by making an unusually high-speed delivery, then telephoning the nearest local paper.

Showa goes on

Tokyo is such an anonymous, Americanised anthill of a city that it is oddly reassuring to learn there is enough distinctively Japanese culture left for a minor collision with that of the U.S. Walt Disney Productions has just released an awkwardly-worded announcement saying that the opening of the Tokyo Disneyland—which some apparently feared was to be delayed—is not in fact to be delayed: "Stories stating that the project has been set back to 1988 stem from an error in translation from the Japanese calendar," I read on a garish piece of stationery headed DISNEWS.

"The calendar used the Year of the Emperor Showa. Showa 58 was wrongly interpreted as 1988." Fun-lovers in Tokyo will be relieved to hear they have only four more years to wait.

Banking on burros

While North America gets to grips with the idea of a war economy, oil-less countries further south have been attempting to adapt to this notion ever since OPEC announced the latest price increases. In Brazil, these added at least $2.5bn to the bill for imported oil—at present running at 1m barrels a day.

Whether "war economy" turns out to mean fuel rationing is still unclear. And while the wealthy emulate California by installing private petrol stores, those further down the social scale are taking precautions as well.

The demand for donkeys has taken off. So has the price. Brazilian entrepreneurs are no slouches at mastering the laws of supply and demand. Not long ago a burro could be had for £50—today's revalued workhorse starts at £100. The more alarmist are even predicting that donkey breeders are the capitalists of the future—along with growers of sugar cane, cassava, and eucalyptus, all of which can be distilled into fuel for car engines.

All guzzled up

Sign outside a filling station/transport cafe in Dover: "Pardon, hors Derv."

Observer

FINANCIAL TIMES SURVEY

Tuesday July 17 1979

Dutch Capital Market

The impact of Government measures to ease the uncertainties of the economic situation in the Netherlands has been felt throughout the Dutch money and capital markets, the foreign exchanges, banking and insurance sectors. Meanwhile, Government plans to improve Dutch industry's competitiveness abroad, reduce inflation and hold down unemployment, have been particularly hindered by this year's series of oil price increases.

Plan to reduce uncertainties

By Charles Batchelor

THE DUTCH capital markets have been overshadowed in the past year by the Government's sizeable budget deficit and by its attempts to curb public spending. The Government's main economic programme aimed at curbing spending levels and stimulating the private sector of the economy has encountered strong opposition. The programme, known as "Blueprint 81" provoked a crisis in Parliament, while the unions called one of the largest demonstrations in recent years to express their dissatisfaction.

The already difficult economic situation in the Netherlands has not been made any easier by the series of oil price rises announced so far this year. The most recent OPEC increase is expected to add 1 per cent to the inflation rate and put a further 15,000 people out of work.

Curbs

While industrial activity continues at subdued levels the high levels of private spending have led to curbs on consumer credits. Limits on bank lending prompted by the mid-1970s boom in mortgage lending and house prices is still in force after three years.

On the legislative front the central bank's sway over banks operating in the Netherlands has been extended under the long-awaited law on the supervision of the credit system, while the insurance companies also face tougher controls.

The chief Government forecasting agency, the Central Planning Office, will present new data on the prospects for the economy when the 1980 budget estimates are presented to Parliament on September 18. The most recent forecasts were made by the Planning Office in March but they have since been overtaken by the rise in OPEC oil prices.

The Planning Office in its March review described the Dutch economy as "very vulnerable." This view was echoed by Dr. Jelle Zijlstra, President of the central bank, in his annual report presented in May. The Dutch economy is not in a strong enough position to withstand external storms, he warned.

Gross National Product is expected to rise at a slightly quicker rate this year—by 2.5 per cent compared with 2 per cent in 1978. Exports will rise 6 per cent in volume, double the rate of increase last year, while imports will rise more slowly, by 4 per cent compared with 5.5 per cent. The most recent figures showed that the Netherlands had halved its trade deficit to Fl 550m ($275m) in the first four months of the year compared with the corresponding period in 1978.

The Planning Office expects the balance of payments deficit on the current account to improve from Fl 2.5bn ($1.25bn) last year to Fl 1.5bn this. Some economists, however, expect last year's deficit to be equalled in 1979 following the latest oil price rises. The first quarter of the year showed a deficit of Fl 666m. Whatever the outcome it is a far cry from the surplus of Fl 7.5bn recorded in 1976. While the visible exports position is improving the invisibles position is substantially in the red with the tourist balance alone expected to show a deficit of around Fl 4bn this year.

Although the Dutch unions have shown considerable restraint in their demands for increases in basic wages in recent years, employers complain that the automatic indexation of wages to prices and the concessions won in the areas of early retirement and extra holidays still amount to a substantial increase in wage costs. The Federation of Dutch Industry, the major employers' organisation, estimates that instead of falling further this year the rate of increase will be the same as in 1978—around 7.25 per cent.

The corollary of high wage costs has been unemployment. It is expected to average 210,000 this year, 4,000 more than in 1978. In June the seasonally adjusted number of people out of work was nearly 215,000.

Inflation was more than halved in two years to 4 per cent in 1978 but the initial forecasts were for a slight increase again this year to between 4 and 5 per cent, without taking into account the latest oil price rises. The central bank would ultimately like the Netherlands to equal the West German level of inflation, securing the guilder D-mark link and improving the competitive position of exporters.

The Government's "Blueprint 81" has dominated the economic debate in recent months. It aims to reduce the growth in public spending in the three years to 1981 by 20 per cent or Fl 10bn ($5bn). Spending is now expected to rise to Fl 200bn instead of Fl 210bn from the 1978 level of Fl 160bn. The objective is to improve Dutch industry's competitiveness abroad, reduce inflation and hold down unemployment.

These proposals have met with considerable resistance from the people expected to accept a slower growth of their incomes — public authority workers and those receiving social security benefits. The unions have been vocal in their protests. Meanwhile the worrying growth of the Government borrowing requirement and the sluggish development of the economy have forced revisions of the original plans.

Signs that the Government deficit would reach 6.5 per cent of national income forced the Finance Minister, Mr. Frans Andriessen, to announce emergency measures last month to speed up the collection of taxes and make extra spending cuts. This is expected to bring in Fl 1.3bn and reduce the deficit to 6 per cent of national income —an acceptable level in the short term but still well above the longer term target of 4.5 per cent.

This was followed by another package of measures, effective from July 1, to slow the growth of welfare payments and public service workers' salaries, and limit the compensation paid to higher wage earners for price increases. These prompted a day of protest marches and work stoppages organised by the trade unions in June. The Cabinet pushed these proposals through Parliament but only after it threatened rebel back bench MPs that the Government would fall unless they compromised.

Emphasising the stretched state of state financing, a four-year-old agreement allowing the Government to borrow extra funds from the central bank to meet temporary cash shortages was invoked for the first time in May. Though funds have not yet been taken up under this arrangement the way is clear for the Government to do so if the Treasury account at the central bank moves into deficit. The Government may borrow up to Fl 1bn at any one time, although the average amount must not exceed Fl 335m in the period to February.

The limits first imposed on bank lending by the central bank in 1977 have been continued and the latest nine-month extension applies until the end of this year. Lending which is not matched by long-term borrowing may only rise by 8 per cent on the average amount outstanding in the final quarter of 1978. This limit applies to the larger banks, although smaller banks are allowed a growth rate of 9 per cent. These curbs have succeeded in limiting monetary expansion over the past 2½ years and have also helped to lower inflation.

The recent sharp growth in the volume of consumer credit has also prompted the authorities to impose limits. The growth in the outstanding credit debt will be limited to 15 per cent in the year to April 1 following an increase of 27 per cent in the preceding 12 months. Purchases of imported cars and home electronics equipment, and spending on foreign holidays have been blamed for part of the balance of payments deficit. The banks and finance houses, however, blame the aggressive marketing tactics of the State-owned Post Office Savings Bank for some of the consumer boom.

The regulatory authorities have been extending their powers in other areas, with implementation in January of the legislation on the supervision of the credit system after eight years of preparation. The powers of the central bank and the Finance Ministry are extended, while safeguards to the public have been improved.

A licensing system has been introduced requiring banks to have minimum levels of assets and to show they have a competent management, the Central Bank may instal its own managers in a bank which finds itself in difficulties without informing the public and may arrange support operations for an institution in trouble. Monetary controls have also been extended to the "near-banks."

Supervision

It is now the turn of the insurance companies to come under tighter supervision. A draft Bill toughening up the conditions imposed on insurers and setting higher solvency margins was sent to Parliament in June.

The impact of these developments has been felt in the money and capital markets, the foreign exchanges, the stock exchange and throughout the banking and insurance sectors. The State has been a regular borrower on the money and bond markets. The credit curbs have increased the amount of long-term bank borrowing, but industry — perhaps fortunately — has not returned in force to the markets. Bankers and economists are perturbed that the disparity between inflation and interest rate levels will delay this return.

Dr. Zijlstra has repeatedly warned of the uncertainties facing the economy but has also stressed that the Netherlands can solve these problems if the right moves are made. The September budget estimates will show how the Government has responded to this challenge.

Good profits for the banks...

THE BANKS look like emerging from 1979 in far better shape than most other sectors of the Dutch economy. Boxed in by official curbs and an increasingly sluggish trading background, loan demand is starting to tail off. But banking margins have widened a trifle this year, and the rapid expansion of the past five years has allowed the sector to build up plenty of fat.

In 1978 lending by the commercial banks to the private sector rose by 22 per cent, according to central bank statistics. Two of the three largest commercial banks managed to outstrip the average, with Nederlandsche Middenstandsbank lifting advances by 28 per cent and Amsterdam-Rotterdam Bank achieving 24 per cent growth. Algemene Nederland Bank was held back by a proportionately heavier foreign loan book. Even so its advances rose by 20 per cent.

The banks continued to experience high demand for mortgages and consumer credit generally as well as short-term commercial loans. On average, banking margins may have eased by ¼ per cent to around 3 per cent. But the squeeze was not enough to stop profits from continuing to soar, and after-tax earnings of the big three commercial banks rose on average by more than a fifth.

ABN and Amro achieved profits growth of 15 per cent and 19 per cent respectively while with Fl 126m at the net level NMB managed to clock up an increase of 28 per cent. The absolute figures at ABN were Fl 369m and at Amro Fl 253m.

This year the constraints of a weakening economy are going to have an adverse impact and bank lending cannot hope to match the growth of recent years. The Government has tightened its grip on credit expansion, and competition for business among the banks is starting to become noticeably keener.

At the same time recent moves among the banks to improve their solvency ratios have resulted in—among other things—a rash of rights issues, so the industry's earnings growth in 1979 is going to look even less impressive where it matters most, at the per share level.

Useful

But the banking community is far from despondent. There have been useful returns this year in a number of ancillary areas—notably currency dealing—and banking margins over the first six months were showing a slightly more healthy average than for the opening half of 1978. The consensus view seems to be for a rise in bank lending this year of between 10 per cent and 15 per cent and a consequent increase in after-tax profits of perhaps a tenth for the major stock market listed banks.

Accounting for something like 80 per cent of the commercial banking market, Holland's three main commercial banks dominate the industry. They present combined balance sheet totals of well over Fl 100bn. But Dutch banking is more diffuse than it might appear to the casual onlooker.

There are, for instance, any number of state and semi-state banks operating in areas like local authority financing, and the Post Office Savings Bank and Post Office Giro also have sizeable operations. In terms of absolute profits, the largest bank in Holland is the agricultural co-operative Centrale Rabobank.

Rabobank's earnings growth last year only just crept into double figures, with a gain of 12 per cent at the net level. But the bank managed to expand its assets base at a pace that would not have embarrassed the more aggressive commercial banks. Its balance sheet total at the end of 1978 was a full 21 per cent larger at Fl 74.2bn. Traditionally linked to the market for farm finance and household accounts, Rabobank today is clearly bent on becoming an international banking operation.

In terms of international thrust ABN is probably the most active among the banks. Something like 40 per cent of its earnings arise outside Holland, although the proportion of non-Dutch assets is lower. At the end of 1978 ABN's foreign assets base was around 30 per cent of the group total.

At the bank's annual Press conference in Amsterdam earlier this year ABN chairman Dr. Andre Batenburg underlined the competitive pressures building up within Holland as he unveiled ambitious plans to expand ABN's branch network in Europe and North America.

In West Germany ABN was looking around for opportunities. In Canada the bank hoped to expand the number of offices from two to five, while once approval is received for the purchase of the Lassalle National Bank of Chicago, consideration would be given to yet more branches in the U.S., Dr. Batenburg emphasised.

Starting next year with an office in Madrid, the bank has also received permission to open five branches in Spain. The Middle and Far East also figured prominently in ABN's foreign expansion programme with the bank clearly intent on matching the growth of its foreign earnings with a similar build up in overseas assets.

One Canadian bank is in the process of pulling out, but there are still something like 30 foreign-owned banks operating in Holland, mostly in Amsterdam. The most recent arrival is the Banco de Viscaya from Spain.

Dutch banks are currently going through a fairly painful period of adjustment to Parliamentary revision of the credit supervision regulations. After eight years of preparation the Government announced in January wide-ranging new powers to increase public safeguards and tighten the supervisory arms of the central bank and the Ministry of Finance.

The supervision of banking operations, including solvency and liquidity levels, has been formally extended to cover the mortgage banks. Provided they have assets of Fl 0.5m, all banking institutions have to be licensed. They have to publish audited accounts and provide the authorities with some reference to the legal and business qualifications of their management.

At the same time the central bank has taken on broad powers to enforce its rulings. It may put its own managers into a bank without informing the public, or it may put in trustees in order to minimise the impact of any banking failure on potential creditors. There is a broad plan to pay creditors up to Fl 25,000 each in the event of a banking failure.

The central bank will also extend its monetary controls to the so-called "near-banks" which borrow for periods of up to two years. This regulation will cover institutions which attract funds of between Fl 10m and Fl 50m, with individual limits to be decided by the central bank.

Jeffrey Brown

THE BIG FOUR BANKS

	Balance sheet total Fl bn	Per cent increase	Net profits Fl m	Per cent increase
ABN	76.2	20	270	15
AMRO	72.6	22	252	19
NMB	33.1	22	126	28
RABO	74.3	21	273	12

...and in insurance

"INSURANCE companies under a lucky star," the headline of a major Dutch bank's stock market review of the Dutch insurance industry read at the end of last year. The bank in question, Amro, went on to express a good deal of confidence in this sector, partly because the large Dutch groups had been timely in adapting their policies, putting more emphasis on internationalisation and diversification to secure continuity for the future.

Since then the annual reports of the six largest insurance groups—Nationale Nederlanden, Amev, Ennia, Delta-Lloyd, Amfas, Ago and Stad Rotterdam—have shown 1978 to have been another good year, in which increases in earnings of 20-30 per cent were chalked up. Most companies have forecast "substantial" profit increases for the current year, and recent quarterly statements indicate that business is developing in line with expectation.

The annual reports also showed that accident insurance, a distinctly weak point in Dutch insurance over the past few years, has turned in strongly improved results. This development is generally attributed to the more flexible attitude of the Government towards premium increases and to the improved discipline on the market by the various companies themselves.

Now that the hoped-for price rise at the Amsterdam Stock Exchange has not got off the ground as a result of rising interest rates, the uncertain energy picture and the generally "subdued" domestic economic climate, shareholders' interest has started to focus once again on the financial sector—banking and insurance—NMB, another Dutch bank, has noted in its stock market review.

As a result of the increased profit contribution from international and diversified activities, the "quality" of earnings in the Dutch insurance sector has been increasing steadily and the process of integration, concentration and far-reaching automation is beginning to bear fruit. Other factors that contributed to the development of business last year were the much reduced rate of inflation, lower wage costs, a fairly high level of interest rates, the earnings contributions of new foreign acquisitions and, bar the severe winter, the absence of any insurance disasters.

The threat of far-reaching profit sharing schemes being forced on Dutch business by the trades unions, rumours of a possible nationalisation of parts of the insurance sector and the threat of a possible new compulsory pension scheme have all subsided with the arrival of the Centre-Right Government. On the other hand, as Amfas pointed out in its report, the state of the national economy continues to give rise for concern and "fiscal uncertainty" over possible measures in future, particularly as regards tax deductibility of interest paid, still remains. This "fiscal uncertainty" began after the publication of the Hofstra report on inflation and taxation.

The past year has seen the opening in the Netherlands of a life office of Prudential, the British group. Another British insurer, Equity and Law, which has had a life office in the Netherlands since 1971, has reported successful growth in 1978. Total premium income has gone up by at least 30 per cent, and the insured sum exceeded the Fl 3bn level in February this year. Both companies' equity has built up a reputation as a very active market force.

Mr. G. J. Swalef, the E. and L. director, explaining why his parent company had selected the Netherlands as the springboard for its Common Market activities, mentions three factors: liberal laws in the assurance field, the insurance-minded population and the distribution network of high quality independent insurance consultants.

Stability

Whereas other sectors of Dutch industry have seen some dramatic mergers in the past year—in the building sector Volker joined forces with Stevin and in publishing NDU teamed up with Elsevier—the concentration movement has again by-passed the financial sector. After the wave of mergers in the insurance sector in the 1960s seven large groups have emerged which have well over 60 per cent of the market. Of these, Nationale, Amev, Ennia, Amfas and Stad Rotterdam are quoted on the Amsterdam Stock Exchange. The latter, by far the smallest of the listed companies, has deliberately confined its activities to the domestic market.

The dominant news from the takeover scene has come from Nationale Nederland, by far the largest insurance group in the Netherlands, and the acquisition was made in the U.S., still a holy land for Dutch companies of all sorts. Nationale was able to announce last month that its bid for a sizeable American life company—Life Insurance Company of Georgia (LOG) in Atlanta—had succeeded. The $60 a share takeover involved a total bid of Fl 700m and meant that Nationale was preferred to other interested, and American, insurance groups which had also been courting Life of Georgia.

Nationale, and the company is not hesitant to admit it, has clearly outgrown the Dutch market, where it has built up a share of 26 per cent of life business and over 10 per cent of accident business. Any more major acquisitions in the Netherlands, certainly in the life sector, would almost certainly have raised some eyebrows at the Ministry supervising economic competition. "We are certainly not looking for new acquisitions here. The last one, Oude Haagsche, was made six or seven years ago," says Mr. J. M. van der Meulen, Nationale's management board secretary.

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The renewed weakness of the dollar is being balanced, in part, by an upsurge in demand for the Deutsche Mark, with the result that the guilder is in danger of being forced out through the floor of the EMS. Above: part of the foreign exchange dealing room at Amro Bank, at Rembrandt Park, Amsterdam

Currency movements pose problems

THE PRESSURES that built up last year for the Dutch capital market have continued into 1979. The major internal constraint, the Government borrowing requirement, shows no sign of diminishing, balance of payments uncertainties linger on and this year's squalls on the foreign exchanges have been no less severe.

As a result, interest rates in Amsterdam have been rising for most of this year and long-term bonds now return nearly two points more than they did in the second quarter of 1978 when fixed interest yields reached their lowest level for five years. At the beginning of 1979, average long term bond yields were around 8½ per cent. They have since moved up to above 9 per cent.

The capital market's difficulties are mainfold but the most pressing remain those arising from currency movements. The problems posed by Europe's new currency framework, the EMS, have been especially testing, creating intense interest rate pressures and sparking off a bout of competitive leap-frogging across the financial capitals of the continent.

The introduction of the EMS coincided with a revival in the fortunes of the U.S. dollar and subsequent reversal of the sort of currency strength that some European financial centres had come to take for granted. Interest rates began to creep upwards with West Germany the main focus. The rest of Europe had no choice but to keep in step.

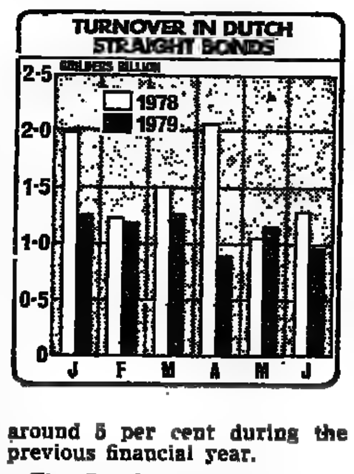
Recently, of course, the whole currency question has had to be re-begged. The narrowing of interest rate differentials between New York and the major continental centres has led the international investor to do an about-turn in his currency thinking, following the latest turn by OPEC in the oil price screw.

The renewed weakness of the dollar is being balanced, in part, by an upsurge in demand for the DM, with the result that the guilder is in danger of being forced out through the floor of the EMS. Dutch short-term rates have been rising sharply in recent weeks as the authorities attempt to keep within their official currency guidelines.

Outlook

Against this fluid background, the short-term outlook is murky. Even if the present currency difficulties can be resolved, the internal constraints on the bond market remain substantial.

The outlook for the balance of trade—Fls 500m in the red after the first four months of 1979—is far from promising while the government is finding it hard to scale down its borrowing requirement. Government calls on the financial markets this year are expected to represent something like 6½ per cent of GNP, compared to around 5 per cent during the previous financial year.



The Dutch Government has been attempting to curb its spending for some time, but high unemployment and a finely tuned social conscience make it difficult for the authorities to cut back in line with the needs of economic realism.

However, the State borrowing programme for the current year is nicely advanced with up to 65 per cent of funds needed currently in hand. Four Government loans have been raised on the long-term bond market so far this year, pulling in Fls 2bn on coupons ranging from 8½ to 9 per cent for the latest 15-year issue.

Mid-way through 1978, tender offers of Government bonds could pull in only Fls 1.3bn, and the Government was forced to abandon the bond market for some three months after April as conditions became too critical. Considerable official face had been lost with the issue of April 1978 which could only attract Fls 150m of investors' money.

As a source of new capital, however, the market in public bonds is severely overshadowed by the private placement market in Amsterdam. The public arena is largely restricted to State and semi-State borrowers, plus financial institutions such as the banks and insurance companies. Chemical group AKZO recently borrowed Fls 125m, but at the cost of a 9½ per cent coupon.

Backed by a secondary market and linked visibly to central bank policy on interest rates, the public bond market is the "price leader." But the attractions to Dutch borrowers of private placements are equally plain. The supply of funds is almost instant with the banks—which tend to act as sole intermediaries—quick to tap a ready pool of lenders in the shape of pension funds, insurance companies and the Dutch savings institutions.

At the same time, there are no initial costs of the type associated with the public bond issue. And borrowers can take up loans on longer maturities. Bond market money is largely limited to 10 years, but in the private placement market maturities range between 10 and 15 years with an occasional call for 25 years if the borrowers pedigree is in the triple "A" bracket.

Understandably, costs are higher. On average a private placement costs the borrower around half a percentage point more than a similar loan on the public bond market, shading marginally if one or two ancillary factors are taken into account.

Busy

There are no statistics available so it is impossible to draw direct comparisons between the two forms of debt. But all the major Dutch banks are heavily involved, and all describe their operations as "busy." For perspective, secondary market turnover was running a third down over the first four months of 1979, but rallied with a rise of 9 per cent during May.

Looking beyond the immediate, interest rates should begin to ease in line with a slowdown in the world economy. Against this background the investing institutions may soon begin to find favour with the historically high real rates of return available.

Dutch inflation, although under the sort of oil price-led pressures apparent throughout the industrialised world, is still running at less than 4 per cent compared to long-term bond market yields more than five points higher.

Jeffrey Brown

Insurance

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Among other reasons for the big expansion of activities in the U.S. are cited the obvious good growth prospects, particularly in the south-east, the country's liberal attitude towards foreign acquisitions and, inevitably, the relatively inexpensive dollar. Comments Mr. van de Meulen: "We are certainly in the market for further growth in Europe, but for varying reasons the possibilities are rather limited there."

Just how important foreign insurance activities are for Dutch companies is illustrated in the annual reports. Of Nationale's total turnover of Fl 5.9bn in 1978, about 36 per cent was generated outside the Netherlands. For Amev the share was about 24 per cent on a total turnover of Fl 2.1bn and for Ennia 32 per cent on a turnover of nearly Fl 2bn.

Prospects

Ennia noted that the share of domestic insurance activities in its overall turnover was bound to decrease even further in the coming year, but was careful not to state what it thought the ideal balance would have to be. Other Dutch insurers have expressed themselves in similar vein. Ennia added: "Despite the presence of restrictive measures abroad insurance markets in many countries offer more expansion possibilities than the already strongly developed Dutch market." It said it was putting know-how gained abroad to good use in its domestic operations.

Though their increased foreign commitments have increased the Dutch groups' vulnerability to currency fluctuations, the improvement in the exchange rates of sterling and the dollar has certainly had a favourable impact on business results last year.

Gradually deteriorating growth prospects in the domestic insurance market and the growing awareness of the need to spread risks have forced the Dutch companies to diversify as well as to internationalise their activities. Diversifications were generally intended to be compatible with existing activities, to be able to benefit fully from the available know-how. Consequently the bigger groups have become involved in mortgage lending, financing, project management and development, and financial and administrative services. This arm of activity is still limited in size, but the companies appear keen to develop it up in the coming years.

Among the more unusual diversifications has been Amev's acquisition of the Schaap en Citroen jewellery retail company, which as it happens has not turned out to be the great success hoped for. Amev's co-operation with the Combined English Stores group of Britain, which has resulted in the 50-50 partnership Combined European Retailers BV, and studies aimed at buying new retail chains have been going on for some time, though no decisions have been made.

Meanwhile the Ministers of Finance and Justice have submitted to Parliament a draft Bill in which tighter control of non-life insurance companies operating in the Netherlands is proposed. At the same time the need for improvements in public information provided by the insurance companies and their intermediaries is being considered. The country has been forced to modify its 15-year-old laws controlling the non-life insurance industry by an EEC director, but the opportunity has also been taken to revise control.

The Dutch Association of Insurers has welcomed the Bill, although noted it "went further" than the EEC guidelines. Mr. W. M. de Brauw, chairman of the Dutch Insurance Chamber—a supervisory body—has meanwhile stated that the enactment of the EEC guidelines and in particular the higher solvency margin now demanded, was likely to lead to a number of mergers among accident insurance companies in the Netherlands. But he did not expect that companies would run into serious difficulties as a result of the guidelines.

Michael van Os

Active dealings in unlisted stocks

AN ACTIVE secondary market in unlisted stocks flourishes alongside the "official" Amsterdam Stock Exchange. Little known outside the Netherlands, this market offers the chance of investing in a large number of sizeable and sound companies, according to the brokers specialising in secondary stocks.

Foreign companies have also established an opening in the Netherlands by purchasing an unlisted company. A number of Swedish timber groups acquired a Dutch foothold in this way. A major problem facing the foreign investor or the non-Dutch company seeking an acquisition is the lack of information on the companies and on the market itself.

Two Dutch brokers specialise in making a market in secondary stocks. Broekman's Commissiebank and D. W. Brand together drew up the market rules and they both publish weekly and daily lists of prices and dealings. The third important participant in the market is the Nederlandse Credietbank, through which many investors channel their deals. Credietbank also publishes the secondary market's only index of price movements.

The final responsibility for the proper functioning of the market is a "grey area," Broekman's admits. While the market itself is not under the direct control of either the central bank or the Finance Ministry the three main participants—as credit institutions—are supervised by the central bank, while the two broking houses are bound by the Stock Exchange Association's rules.

The many informal links established with the official bourse in areas such as the merger of listed and unlisted companies or the decision by an unlisted company to seek an official quotation make for a close harmony between the working of the two exchanges, Mr. H. P. Quarles van Ufford and Mr. H. Lobuis of Broekman's said. If anything did go wrong the Stock Exchange Association would probably be the body to take action.

About 800 shares and bonds are listed in the annual market guides produced by the two brokers, although many of these are inactive. A truer guide to the extent of the secondary market's activities is contained in the daily dealings list which contains the bid and offered prices for around 70 shares and bonds. Some of these are stocks which surface momentarily from obscurity as an inheritance is broken up or a family places shares which the members cannot or do not want to absorb.

Other concerns with a large amount of issued capital appear regularly in the daily lists. The P + C group, which is a large retail chain, the Tilburgsche mortgage bank and Verkade Fabrieken, a biscuit manufacturer, are among the major concerns, many of them household names, traded on the secondary market.

Centred

Interest has also centred recently on Holland Sea Search, a group with interests in North Sea exploration, IHC Inter, a subsidiary of the IHC Holding offshore construction group, and Zuid Pacific Koper, a company whose assets consist of a 5 per cent stake in a copper mine in New Guinea.

No figures are published about the size of the market, but the Nederlandse Credietbank estimates average daily turnover of Fl 1m ($475,000) rising to Fl 10m ($4.75m) on very active days. Broekman's believes the average to be higher than this figure and puts the upper limit a bit lower.

It is the fate of the secondary market to lose many of its best stocks to the official bourse and this has happened with a number of insurance companies and mortgage banks since the early 1960s. But more than 350 shares are listed of companies in the insurance, investment, property, trading and industrial sectors.

Nearly 80 Indonesian plantation companies are also listed, though following the nationalisation by the Indonesian Government of Dutch interests, their assets consist mainly of claims for compensation. Many of these claims have been bought up by two companies, Claimindo and Belindo, which are now both listed on the official stock exchange. The setting up of these two companies has meant that the claims can be handled economically by a central administration.

While this has reduced the number of individual plantation stocks available the knowledge that Claimindo and Belindo were buying up these shares stimulated trading in a previously quiet sector. The major risk is whether Indonesia will honour its promise of compensation. But payment of the short-term claims has been completed and the long-term claims are now being dealt with.

The largest block of bonds traded on the secondary market comprises issues by church organisations. Local authority and water board bonds also feature alongside those of commercial concerns. An attempt by the banks to simplify their securities operations and cut costs has reduced the volume of activity in bonds. Bond holders were offered a premium to get rid of small lots and concentrate on only a few larger blocks. In view of the good yields on many of the bonds it is doubtful whether this was a sensible move for most investors, says Mr. H. J. Gerard of Credietbank's securities department.

While the relative scarcity of information about many of the shares and the market makes investing in the secondary market more speculative than dealings on the official exchange there is nothing speculative about most of the shares themselves, according to Broekman's and Credietbank. "You can achieve a better rate of return on the secondary market than on the Stock Exchange itself," said Mr. Gerard. The limited number of shares placed by all but a very small number of companies means major sales or purchases will be immediately reflected in the share price. But within these limitations the market offers a sound means of investment.

The smaller companies are frequently better placed to react quickly to new developments while the personal involvement in family owned companies makes for a more committed management.

Many of the companies traded on the secondary market do not want to publish the information which would be required for a stock exchange listing. They may also not conform to the stock exchange requirement of having at least Fl 1.5m ($240,000) of fully paid up capital. A complicated capital structure may also disqualify a company from an official listing.

Trading on the secondary market permits a more flexible price development, Broekman's says. Dealings begin on the telephone at 9 am and move to the floor of the official bourse when the brokers man their pitches for the stock exchange trading hours of 11.30 am to 1.15 pm. Telephone trading then continues up to 5 pm. This compares favourably with conditions on the official stock exchange where jobbers make deals for most stocks during the opening 45 minutes and the closing half-hour of trading.

The secondary market is a stepping stone for many companies to a full listing on the stock exchange proper. It allows them to establish their name among investors without incurring the costs associated with a full listing. Although there are no formal requirements the two broking houses require an insight into a company's accounts and statutes and an idea of prospects before they will launch it on the market and give it their backing by trading its shares.

They will advise companies against pitching the value of their shares too high and on supporting their share price, if necessary, in the first weeks after the launch. They may also say that a company does not come up to their requirements and advise changes.

Although a company can introduce its shares on the secondary market—in theory overnight—the approval of the three major participants is needed before trading can effectively start. Many of the companies do in fact provide very full annual statements.

Higher

The Dutch banks have complained in recent years that their securities business makes a loss. The costs of the secondary market are if anything higher than those of the stock exchange proper, since share handling has not yet been automated and transfers of the original share certificates are necessary. The smaller deals are therefore clearly not profitable. The large transactions usually are though, while the three major secondary market participants also earn fees by advising companies on coming to the market in the first place, on mergers and on capital raising.

What are the prospects for the secondary market? It is not now as active as it once was and in common with the stock market proper there is a lack of new companies wishing to come to the market. The three major participants are convinced though that it offers a useful addition to the range of financial services available in the Netherlands.

Charles Batchelor

Options trading moves slowly

AFTER ITS first 15 months of operations the European Options Exchange is settling down to a slow but steady haul to viability. A series of setbacks in recent months and the absence of any spectacular rise in trading volumes have forced radical rethinking of several aspects of its policies.

It now realises that its early forecasts of a turnover of 7,000 contracts a day within two years of opening were hopelessly optimistic and the exchange's chairman, Mr. Ewold Brouwer, told the recent annual members' meeting that it would take another two years or so to achieve commercial success. On the other hand many members are already making a profit on their operations and many more can expect to do so before the exchange itself is in the black.

The EOE faced three major problems in 1978, according to its first annual report, published in May. Most significantly, many stock markets, and in particular Amsterdam, were bearish. The EOE subsequently introduced "put" options—conferring the right to *sell* a share at a future date—but this provided only a very limited answer to the poor stock market conditions.

Less co-operation than expected was forthcoming from authorities abroad. The Bank of France, for example, approved dealings in French stocks on the EOE but at the same time said its own nationals could not trade in French stocks. Belgium is the only country besides the Netherlands which allows its investors to trade without restriction.

While these are factors over which the EOE's managers had little control they fell down badly in one area where they did—marketing the EOE. Private investors were insufficiently aware of the potential of traded options during the early months. The EOE has now, and belatedly, begun an intensified information campaign, holding seminars for interested private investors, stockbrokers and bankers. Nevertheless, Mr. Brouwer told the annual general meeting that in his view the EOE has still not budgeted sufficient funds this year for information and marketing.

EUROPEAN OPTIONS EXCHANGE

Volumes in the first 14 months

	Monthly volume of contracts	Daily average	Open interest at end of month
April, 1978	13,283	738	5,303
May	15,472	774	10,931
June	16,487	749	16,840
July	16,075	765	18,766
August	24,797	1,078	24,435
September	29,702	1,414	35,800
October	33,124	1,506	36,004
November	23,942	1,088	44,161
December	14,574	767	48,016
January, 1979	25,876	1,176	33,810
February	18,150	907	40,077
March	28,160	1,280	49,650
April	27,306	1,517	29,347
May	32,520	1,478	38,713
June	20,589	1,529	49,327

Mr. Michael Jenkins, who is shortly to resign as a managing director of both the EOE and the clearing corporation, is convinced that the private investor is still a force to be reckoned with. Despite the impact of tax legislation in Europe there are people with money to invest. More important, they are the people who are increasingly discouraged from investing in the stock exchange, as banks and stockbrokers divert them into unit trusts and other "safe" investments. There are still many investors, however, who want more excitement from their investments, Mr. Jenkins feels. In trying to project a respectable image the EOE may be underselling its appeal to this class of investor.

Although the EOE reckons it could now achieve break-even point at around 5,000 contracts a day after cutting back on staff levels, turnover is still nowhere near this figure. Average daily turnover in the first half of 1979 was nearly 1,300 contracts a day. The long-term trend shows a steady rise in volumes, however, and while the rival London traded options market reports strongly fluctuating trading volumes Amsterdam achieves fairly consistent levels of turnover. While the EOE has been criticised for setting up a sophisticated but expensive trading floor, daily running costs are fairly low, its managers argue.

A severe blow to the EOE was the loss of First Options of Amsterdam. One of the leading clearing members, it ceased operations on June 1 because of inadequate business. Jointly owned by First Options of Chicago, the London stockbrokers W. I. Carr and Barclays Kol, a Dutch bank in which Barclays of London has a majority stake, it was one of the few clearers to represent foreign interests.

First Option's problems stemmed from its dependence on its EOE business, which meant that its costs were high. Members who run their EOE

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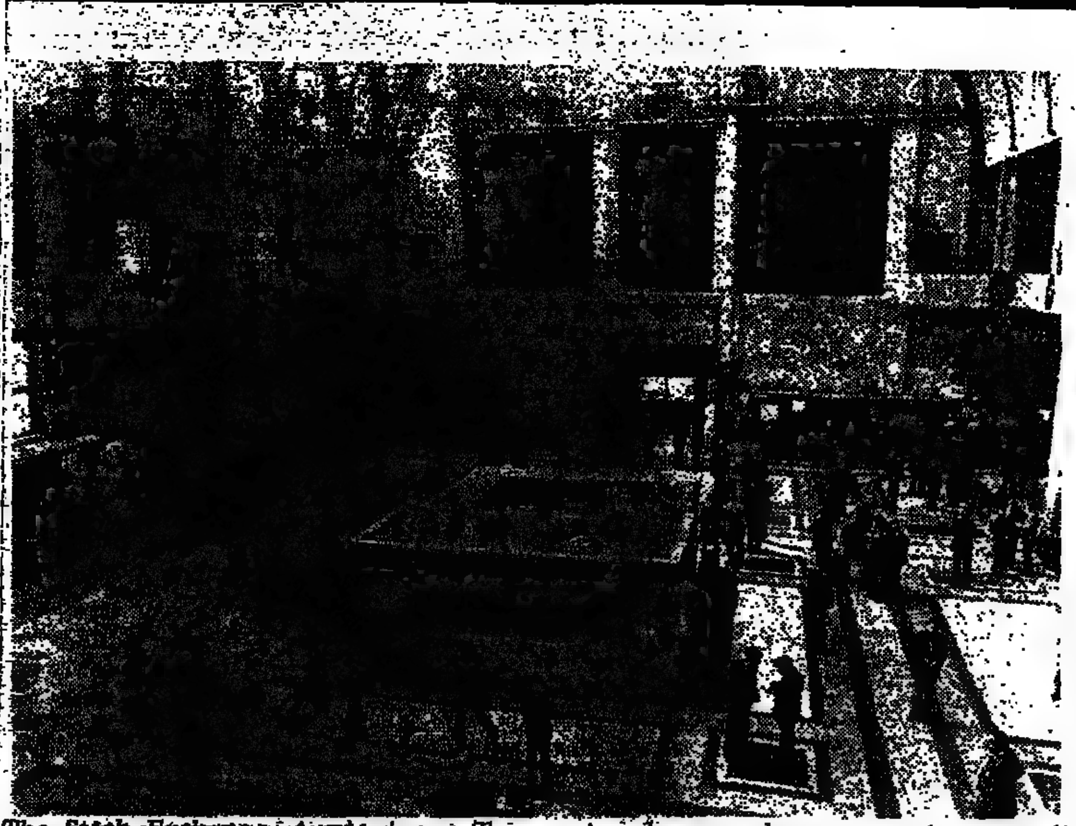


The Stock Exchange, Amsterdam. Share prices have made some modest overall progress in the last six months, although the stock market's main industrial share index is still an eighth below the peak of January, this year.

Money market squeezed

THE DUTCH money market reflects the dilemma facing the country's monetary and economic authorities, with interest rates nearly double the levels which could be expected in more normal times. Despite the Netherlands' success in reducing inflation to four per cent, money market rates are currently around 8 to 10 per cent. While the prospects for the Government's plan to stimulate the private sector depend to a large extent on a lowering of interest rates the central bank's curbs on credit have tended to boost rates.

The abrupt turn-round in the Dutch balance of payments current account from a surplus of Fl 7.5bn ($3.6bn) in 1976 to a deficit of Fl 2.5bn ($1.2bn) last year and the high level of capital exports by companies investing abroad have combined to create tight money market conditions.

While the market has to an extent learnt to live with a large Government borrowing requirement, bankers are now facing up to the prospect of a further large deficit emerging from the 1980 budget estimates to be presented in September. They are also glancing uneasily over their shoulders at signs of strain within the European Monetary System.

The Dutch money market is based in Amsterdam, where most of the domestic and foreign banks have their headquarters. The Ministry of Finance's money market agent—who oversees the placement of Government loans and Treasury bill tenders—has his office there. It is also home of the Stock Exchange.

The money market is a telephone market place open between 10 am and 4 pm. The participants include five or so major brokers, seven or eight of the larger banks and the Finance Ministry's agent. In recent times they have been joined by the treasurers of the multi-national corporations and the large Dutch concerns, the foreign banks which have opened in the Netherlands and the institutional investors. These include the pension funds, insurance companies and bodies such as the construction industry's social fund, which administers the money set aside for building workers' extra holiday payments and the funds to pay workers laid off during bad weather.

The increased direct involvement of companies has led to the development of near-banking, where two companies bypass the banks to conclude a direct deal, and the fearsome-sounding "degenerated banking," where companies borrow at rates of interest lower than a traditional overdraft. Data on the extent of this activity are naturally enough hard to come by.

The money market is principally concerned with the matching of surplus deposits between banks. The Finance Ministry has been very active in recent years with Treasury bill tenders but these bills tend to disappear into investors' safes—to reappear only when they are redeemed. The local authorities and the Bank voor Nederlandsche Gemeenten, which handles their capital market needs, both borrow funds on the money market. There is, however, no commercial paper market on the U.S. model.

Terms range from call or overnight money to one year, although deposits and treasury bill maturities have lengthened in recent years and the market now deals in terms of up to four years. This has led to a blurring of the distinction between the money market and the lower end of the capital market.

Decision

The central bank's decision to allow commercial banks to consider borrowings of two years and more as long-term funds—which could therefore be passed on without counting towards the quotas laid down under its credit curbs—has stimulated the market for two-year funds. Before the introduction of this rule central government borrowing in this sector was Fl 6bn compared with Fl 500-600m by the banks. The banks are now just as active though, with borrowings of Fl 6-7bn.

The liquidity of the money market depends very much on Government payments, transfers and receipts. Efforts have been made to even out these flows but the market is still subject to sharp fluctuations. While payments to local authorities have been switched from a quarterly to a monthy and now to a weekly basis, there is little the Government can do to spread corporation tax payments through the year. Oil and petrol duties are paid over once a month but gas royalty transfers to the Exchequer follow no set pattern.

The central bank's weekly balance sheet, which is published on Tuesday afternoon, provides much useful information on money supply and demand. But even this only shows a net position, leaving bankers to speculate about the absolute levels of demand and supply.

The supervision exercised by the central bank over the money market is extensive. The first line of control is the quota allocated to banks for recourse to central bank funds at the rate for secured loans—now 8 per cent. The overall quota is currently Fl 2.3bn, with banks' individual quotas based on the extent of their liabilities.

The two most actively used tools for fine-tuning the market are special advances against securities to banks issued by tender in times of market tightness. It may also make currency swaps, usually in dollars. It will buy or sell dollar spot, simultaneously selling or buying the same amount forward, to temporarily increase or decrease the market's liquidity. In times of a liquidity surplus the central bank may require the banks to deposit cash reserves with it.

The breakdown of the system of fixed foreign exchange rates has involved the commercial banks in a delicate balancing act throughout the 1970s. Whereas the central bank could previously afford to base its interest rate policies almost exclusively on domestic requirements its major consideration now is their impact on the external value of the guilder. This has meant that the rate for secured loans, the bank rate and the promissory note rate are not always in line with money market developments.

When the market's cash rates are higher than the central bank's tariffs a company can draw down funds under an agreed lending facility and lend them to another bank at a profit, leaving the first bank to refinance itself at the higher market rates. Similarly if the market rates are below the official tariffs, inter-company lending flourishes because directly borrowed funds are cheaper than those on offer from the banks.

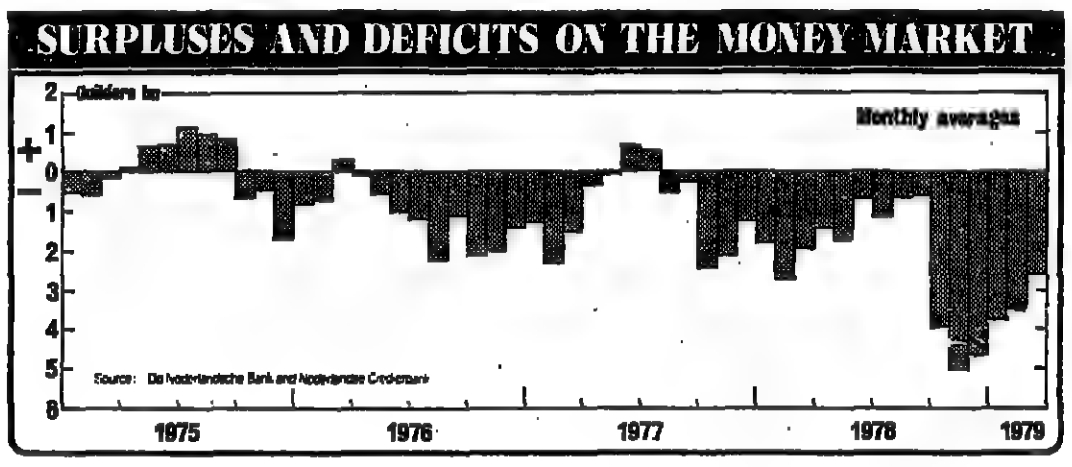
To overcome this, banks introduce a premium rate on top of their normal lending tariffs when market rates are high. The slowness with which this premium is reduced in times of falling interest rates and the apparent unison with which the banks implement the premium has brought considerable criticism.

Although some bankers are hopeful that the Netherlands' balance of payments position will not worsen further this year, the Government's demand for funds is likely to be considerable. It took up more from the money market in the first quarter of 1979 than in the whole of last year. The Government is expected to take up more than Fl 300m net a month from the money market as well as around Fl 500m from the capital market for the rest of the year.

The outlook is for a tightening of money market conditions this summer with unseasonally high rates of interest. The central bank is keen to restrict money market financing by the Government because of its inflationary affect. Some bankers speculate though that a certain amount of liquidity creation by the Government is not unwelcome at a time when outflows of funds abroad are reducing liquidity at home.

C.B.

SURPLUSES AND DEFICITS ON THE MONEY MARKET



Options

CONTINUED FROM PREVIOUS PAGE

operations alongside other activities are better placed to withstand the present low turnover volumes. The withdrawal of First Options has led to an improvement in business for the other clearers, while Merrill Lynch, the large U.S. broking house, has now started clearing for the EOE's market makers.

The two market makers suspended at the end of 1978 for falling below their liquidity margins with their clearing house have since got over their difficulties and returned to active membership. They are the Dutch company, Josso Options, and the London-registered Philippe George Marcq.

Two problems which still face the EOE are a shortage of market makers and of writers of options. More market makers will mean increased competition and a smaller margin between bid and offer prices, Mr. A. Brak, a floor broker for the Nederlandsche Middenstandsbank, said in a magazine interview recently. Mr. Jenkins maintains, however, that premium rates on the EOE are very keen compared with spreads on the stock market itself.

The EOE continues to complain of a shortage of writers—that is sellers—of option contracts. It hopes to persuade institutions such as the smaller investment funds to become more active in the writing of call options. Many of them have shares in their portfolios which are currently only accorded a low value by the stock exchange. They could however sell options on the shares, the EOE feels.

Unfortunately for the EOE many of the smaller institutions still regard this as being highly speculative. But writing options on stock which have not paid a dividend recently, such as Akzo and Hoogovens, and investing the premiums, would be a way of creating an alternative form of dividend, Mr. Brak argues.

The EOE is looking at a number of ways of increasing the volume of business—including gold, bond, foreign currency and commodity options. These, however, are longer term propositions and the exchange must first develop a solid basis of share option trading. The EOE is now considering a report prepared by a securities expert and former options manager at a major U.S. broker, Kenneth [illegible] Dolan, who was called in to advise on these developments.

The exchange is hard at work to secure the listing of German options and expects to do so this autumn. A problem in Germany has been a law which allows investors to back out of option obligations, leaving their bank or broker to pick up the losses. This obstacle should not be impossible to overcome, however, and the EOE is convinced that an option deal once agreed would be legally binding.

The opposition of the three largest German banks, Deutsche Bank, Commerzbank and Dresdner Bank, has still to be overcome, but the EOE has met an enthusiastic response from some of the other German banks. This may force the "Big Three" — which have also refused to take part in the Frankfurt options market—to rethink their attitude.

The EOE's managers are at present concentrating on Germany, and see Hong Kong, where there is also a great deal of interest for the Amsterdam market, as a longer term possibility. The listing of Hong Kong stocks would bring with it the same problem experienced with the U.S. Listings—that of different time zones and stock exchange trading hours.

The listing of German options could attract a sizeable amount of interest from both German and Swiss investors. Dutch investors too have traditionally looked to the east, and German options may be expected to stimulate more business than Belgian and French stocks. It is important for the EOE that investors from a particular country may trade their "own" options. The ban on this by the Bank of France has severely hampered business in the three French options.

Surprisingly, because they were thought to appeal to only the more sophisticated investor, "put" options have excited a great deal of interest. Four "puts" are now listed — all in Dutch stocks — compared with 30 call options.

While there are parallels between the EOE and the Chicago Board Options Exchange the Amsterdam venture has in many ways broken new ground. The EOE admits to having made mistakes but its managers now feel they are gradually moving in the right direction.

C.B.

Currency policy reaps rewards

WITHIN THE hard currency family that has grown up in the EEC over the past six years—grouped together first as the European joint float or "snake" and then, since March this year, as the European Monetary System (EMS)—the Dutch guilder can lay claim to being the closest relative to W. Germany's unswervingly strong Deutsche Mark.

Since the end of 1972 the guilder has depreciated against the D-mark by less (roughly 8½ per cent) than any other currency in the Common Market. Against all other currencies except the Swiss franc and the Austrian schilling, the guilder has registered sometimes sizeable upward movements—amounting to around 60 per cent over that period in the case of the dollar and 70 per cent against sterling.

Successful adherence to West Germany's hard currency policy over the period of general floating rates has brought the Netherlands clear rewards. It has allowed the country to benefit from the last two years of economic upswing in Germany (by far Holland's most important trading partner), and at the same time has given its Government a considerable weapon in the battle against inflation. The average increase in consumer prices last year, at 4.3 per cent, was the lowest in the Community, apart from Germany and Luxembourg.

Signs

Recently, however, signs have emerged indicating that rigid alignment of Dutch exchange rate policy with that of Germany has also brought its problems. The first cloud to come over the currency was last year's lurch by the Dutch balance of payments into current account deficit for the first time in seven years. The shortfall promises to be repeated in in 1979, even though exports so far this year look much more encouraging. The second has been the dramatic rise in the public sector deficit, which forced the Government last month to put an emergency brake on spending.

The third—whose consequences for the guilder, and for the EMS as a whole, have not yet become completely clear on foreign exchange markets—has been the renewed rise in oil prices decided by OPEC at its Geneva meeting just over a fortnight ago. Since there is general consensus that the German economy is in fundamentally better shape than most others in Europe to square up to the extra burdens imposed by the oil price rise, one consequence of the OPEC decision may be that the currency parities set when the EMS was put into operation four months ago will have to be adjusted—as a result of Deutsche Mark strength—rather more quickly than would otherwise have been the case.

The rise of the Deutsche Mark on foreign exchange markets over the last few weeks has not only put the guilder, along with some of the other member currencies, under strain within the EMS. It has also dragged it up against the dollar and reinforced calls by Dutch industry for a cut in the exchange rate to aid export competitiveness. According to this school of economic thought, which has become particularly vociferous since the current account lapsed into the red, the guilder has become overvalued as part of a legacy from the period—now over, it seems—when the Netherlands year after year earned high balance of payments surpluses purely as a result of its natural gas exports.

The strains in the EMS which have broken out as a result of the Deutsche Mark's renewed strength have thrust the Dutch central bank into a flurry of activity to hold up the value of guilder. During the first month or so of operation of the monetary system, the guilder remained comfortably within the upper half of its permitted zone of fluctuation against the Deutsche Mark. In May, however, the currency began to fall after the Belgian franc and then the Danish krone came under pressure against the Deutsche Mark. This month the guilder, too, like the other two currencies, dropped down close to its lower intervention point against the Deutsche Mark of DM 90.225 per 100 guilders.

This has compelled the Nederlandsche Bank to make intervention sales of D-marks over the past fortnight or so to prevent the guilder breaching its EMS floor. Support for the guilder in the week ended July 9 was around Fl 280m. The central bank has also raised its discount rate three times—at the end of May and twice this month—each time by ½ per per cent, to help protect its currency.

Rising interest rates, which have been reflected most graphically by an increase to around 10 per cent in call money on the Amsterdam market, have been very much a consequence of tighter credit in Germany, where the Bundesbank this year has been turning the monetary screw in order to dampen down accelerating inflation and rein in the increase in money supply.

The feature of the Dutch economy which has perhaps worried the foreign exchange markets most of all this year has been the rise in the Government's borrowing requirement, expected to be around 6.5 per cent of national income this year against the self-imposed 6 per cent limit and the original target of 4.5 per cent. The main reason has been the sluggish performance of the economy, together with the inability of the two coalition parties to agree on measures to reduce the deficit.

Spending

The "emergency brake" on public spending announced by the Finance Minister last month, involving measures to curb public spending and speed up tax receipts, was meant to prevent the public sector deficit exceeding 6 per cent of national income. But the move has plainly failed to re-assure the foreign exchange market. Since the "brake" was announced, the guilder's fall against the D-mark has accelerated somewhat.

The fundamental area of concern, for both the Government and commercial banks, remains, however, the balance of payments. The move into deficit last year, when the current account was in the red to the tune of some Fl 2.5bn, spotlighted a basic malaise which had taken a hold on the economy during the years of natural gas surpluses—high output costs and an unfavourable product mix no longer corresponding to the needs of export markets. Although the deficit is expected to decline this year, with the trade deficit down by half in the first four months, there is no sign yet of the current account returning to the black.

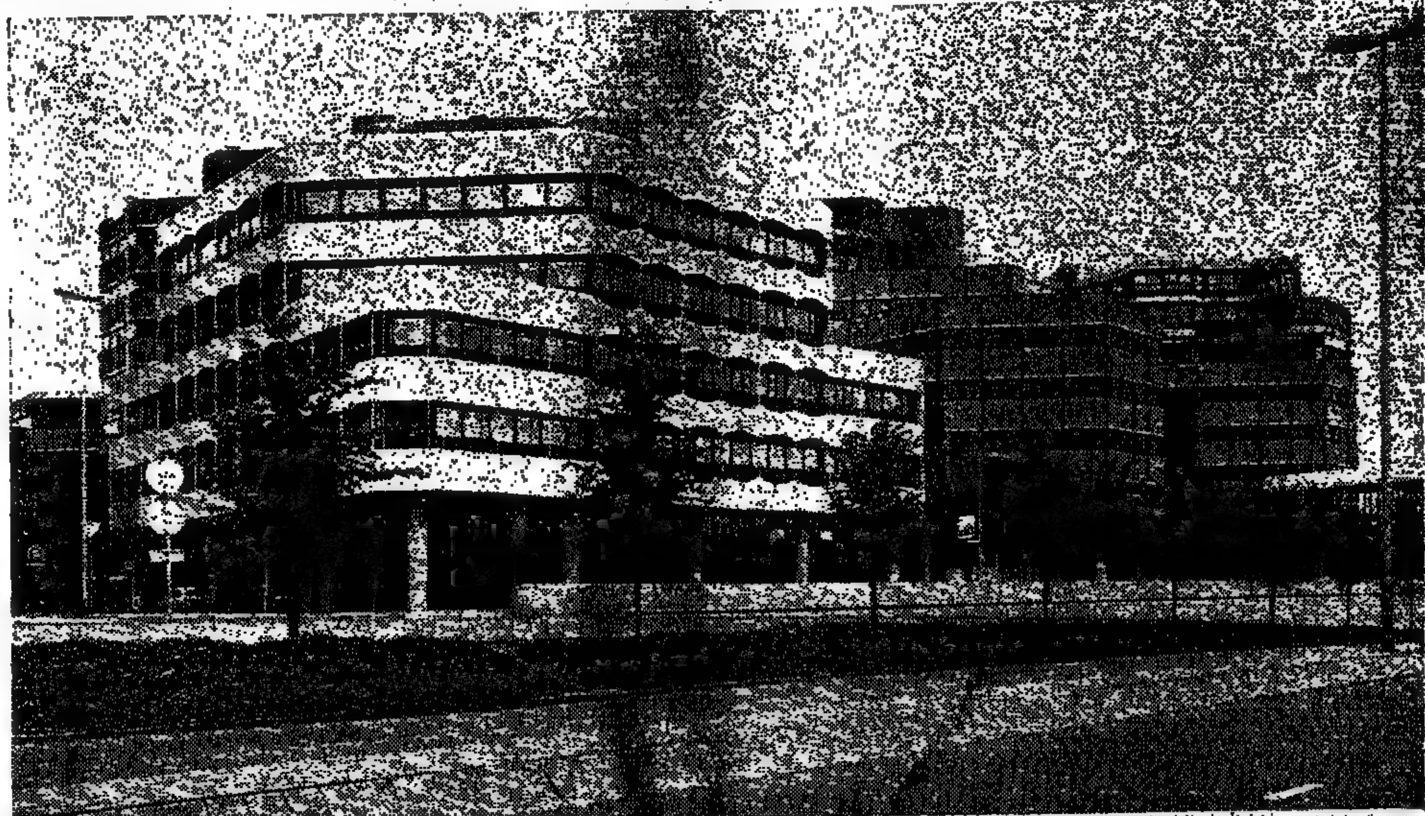
At the beginning of this year a prominent member of the Board of Amsterdam Rotterdam Bank, Mr. C. van Westreenen, went so far as to say that the balance of payments position would be the main restraint on Dutch social and economic policies in the 1980s. This reflects a degree of long-term pessimism about the economic outlook which is in stark contrast to the position in Germany, where whatever else happens in the world, the continual re-appearance of a solid current account surplus is more or less taken for granted by economists and businessmen.

However, despite the strains on the guilder rate which have emerged over the last month, there is nothing to suggest that the Dutch are willing to give up any of the benefits associated with the virtuous circle of strong currency/low inflation rate. During the negotiations leading up to the formation of the EMS, Holland was the principal supporter of the German position that the new system should on no account be less "stability-orientated" than its forerunner the "snake."

Both because of this and in view of the degree of convergence of the Dutch and German inflation rates — both are expected to be in the region of 4 per cent to 5 per cent this year — it is highly unlikely that the Government would want to countenance any devaluation of the guilder should an EMS realignment take place in the near future. (It is significant that Holland, together with Belgium, which has a similar—if somewhat harder to justify—devotion to German-orientated stability policies, has avoided devaluing the guilder in any of the "snake" realignments which have taken place at fairly regular intervals over the past three years.)

The best solution from Holland's point of view would probably be for a small overall upvaluation of the Deutsche Mark—a course which Germany took during "snake" adjustments in 1976 and 1978. This would give Dutch exporters to the German market an additional competitive edge, but would leave the parity of the guilder unchanged against the other members of the monetary system, allowing the authorities to tackle the top priority task of the next few years — the elimination of the current account deficit — from a position of unassailed currency strength.

David Marsh



The headquarters of Rabobank in Utrecht—this bank is traditionally linked to the market for farm finance and household accounts, although it now has increasing international interests

More powers for central bank

IN A development which has its parallels in the recent Banking Bill in Britain, the Dutch central bank has just had its powers formalised and extended through a revised Act on the supervision of the Dutch credit system. As with the Bank of England the Nederlandsche Bank has been given statutory powers where before it had to rely on gentleman's agreements. As with Bank of England certain powers have been granted to it which were formerly derived from exchange control restrictions. As in the UK, the new Act has defined more carefully what a "bank" is.

Under the new law, the bank is charged with three areas of supervision—monetary control, prudential control and structural control, although it shares responsibility for the last of these, control over the shape of the credit business in Holland, with the Finance Ministry.

Regulator

The monetary task of the central bank under the 1948 banking law is to regulate the value of the Dutch guilder so that it is as favourable as possible for national prosperity, while at the same time keeping the currency unit stable. The Dutch central bank appears to have rather less freedom of manoeuvre than the German Bundesbank, and rather more than the Bank of England, in pursuit of this elastically defined task.

It can take credit policy decisions only after consulting the credit institutions and only after clearing with them the Finance and Economic Ministers. It does, however, have the right to appeal to the Crown over deep disagreements. Aside from open market operations the controls statutorily granted to the Bank include reserve requirements, quantitative controls over the overall growth of loans and investments, and qualitative control over the growth of individual types of lending. Together with open market operations these give the Bank a comprehensive grip on developments in the Dutch bank lending market.

At the moment, when Holland is trying through sustained self-restraint to restore its labour cost competitivity in anticipation of the day when its natural gas runs out, the central feature of monetary control is a credit restriction which has been in force since 1977. This was extended in February to the end of this year. Both short-term and long-term credit not matched by borrowing of equivalent maturity may not be increased over the year by more than 8 per cent, though the smaller banks have, for competitive reasons, been allowed 9 per cent.

The need for these measures has been re-inforced by Holland's recent current account deficit. Despite the relatively slack economy the Dutch banks have been able to remain within the constraints and to avoid penalty payments only by increasing their borrowing in the long-term capital market.

The new legislation has brought the Dutch Post Office Savings Bank and Giro Bank formally under the bank's control. More important, it has extended the bank's powers to include "near-banks" — any institution which makes it its business "to a considerable extent to obtain the disposal of at least Fl 50m of short-term funds withdrawable at less than two years' notice." The bank thus has powers to demand periodic reporting from companies and institutions which regularly tap the Dutch money market.

The central bank's powers of prudential control are exercised through the laying down of solvency ratios—relating shareholders' funds to risk-bearing assets—and liquidity ratios—relating liquid assets to the volume of liabilities. The bank is currently engaged in an attempt to persuade the Dutch

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Modest progress in share prices

HE EQUITY market in olland has had a drab first six onths. Share prices have made me modest overall progress. it the Amsterdam stock mar t's main industrial share index still an eighth below the peak f 1979, touched in January. This share price trend is derstandable. Along with ost other economies in the dustrialised world, the Dutch e finding it hard to make pro ess in the face of the latest und of oil price rises. flationary pressures are ounting, businessmen are ghtening their belts and the tlook for company profits is good deal less than exciting. The fundamental attractions the stock market are thus at low ebb. The other side of the vestment equation, the supply funds, is less depressing with stitutional liquidity remaining latively buoyant. As a result, certain amount of new money ntinues to trickle into the uities. But for the most part, nch fund managers are con ntrating on the competition.

The fixed interest markets are eaming off most of the funds at might have been reserved r Ordinary shares as investors ke refuge from the slowing wld economy in historically gh money market yields. turns in the long-term bond rket have moved up sharply is year and now top 9 per nt, whereas Dutch inflation, hough mounting, is still run ng at less than 4 per cent. Against this background, uity investment in Holland oks set to stay out of fashion er the medium term. Stock rket dealing volume is hold steady enough at last year's els, and there are pockets of sistance to the flat overall end of share prices, notably iong the financial sectors like nking. But few investors are willing to take more than a very guarded view of the fore seeable future.

Among European investment centres, the Dutch market retains the strongest inter national flavour. The ten largest companies account for something like three-quarters of the total quoted value of the stock market (see table), with Royal Dutch Petroleum over awing everybody. Royal Dutch represents some 40 per cent of the total market capitalisation of the Amsterdam market, with Philips and Unilever accounting for nearly 9 per cent apiece.

Uncertainty

The 1978 results of these big three reflect fairly accurately the current degree of investor uncertainty. Only Philips managed to emerge from last year with profits ahead of stock market expectations, and then only marginally. Having lagged noticeably over the first nine months, Philips popped up with an eventual gain of 5 per cent in 1978 after tax earnings.

Philips boosted its sales volume by 8 per cent last year, but the traditional batch of year-accounting adjustments clearly played a major role in the year's earnings. Moreover, the sharp (26 per cent after tax) gains shown after the first three months of 1979 were largely a reflection of the depression existing at the outset of 1978.

Like Philips, Unilever is very much a bell-wether of the world economy. It is one of the top dozen companies in the world in terms of sales, and the largest consumer goods company. Its management is worried about the outlook for demand among major product sectors.

Last year profits at Unilever emerged just under 11 per cent higher at the pre-tax level on a sales rise in volume terms of 8 per cent. The current year has started much more impres sively with growth for the opening three months of 1979 extending to 23 per cent before tax. But the performance here is plainly flattered by the weakness of profits at the beginning of 1978.

Most analysts in Amsterdam are expecting Unilever to produce some sort of profits growth this year, but no one seems to have raised their sights very high. In contrast, the trend of earnings at Royal Dutch Petroleum is likely to be dramatic—if a constant reminder of the main reason for the present sluggish level of growth in the world economy.

Net income at this major oil group rose by slightly more than a fifth in 1978 but that only put earnings broadly back to their level of four years earlier. During the current year, Royal Dutch was surging strongly forward as earlier stock losses turned into stock profits. Moreover, the full impact of the latest rise in oil prices has still to be reflected.

Unlike his counterpart in many other major financial centres, the Dutch private investor remains a substantial force in the stock market in Amsterdam. Estimates vary, but it appears that something like two-fifths of the total value of the stock market is held in private hands.

Over the years the authorities have clearly encouraged invest ment. Dividend controls and capital gains taxes are an unknown quantity, and dealing expenses—which in London alone have done so much to crowd out the individual inves tor—are relatively modest.

Many market operators, the banks especially, argue that dealing charges are too low for comfort. The average commis sion on share transactions amounts to around 0.8 per cent of the amount invested. At least one major Dutch bank has been pruning its investment service operations on the grounds that it can no longer afford to operate in business as a loss leader.

DUTCH EQUITY MARKET
Top Ten Components

	%
Royal Dutch Petroleum	39.8
Philips	8.9
Unilever	8.5
Algemene Bank	4.3
Amro Bank	3.6
National Nederlanden	2.3
Heineken	2.1
Ned. Middenstandsbank	2.1
AKZO	1.9
Amey	1.2
Total top ten	75.7

Source: Capital International

One of the technical disadvan tages for the market maker in Amsterdam is the relatively low number of shares quoted which lessens the possibility of a continuous flow of two-way business. When the major international stocks are out of favour, trading activity tends to slide all too easily into the doldrums.

In the 10 years to the end of 1977, intense industrial integra tion, plus the odd business failure, effectively halved the number of shares quoted.

For what it's worth, the per formance of the Dutch stock market this year has not been out of step with Europe in general. In fact, the first six months of 1979 produced a rela tively resilient showing: accord ing to statistics compiled by Capital International.

Over the January to June period, the Capital Inter national world index was up 4 per cent with the Netherlands comfortably in excess of this with a gain of 7.7 per cent. In contrast, West Germany was lagging by 12.7 per cent in the six months.

Among individual Dutch shares, Heineken was a notable laggard with a six-month decline of more than a tenth, while Royal Dutch Petroleum could boast a gain of more than a fifth.

J.B.

The Rotterdam Stock Exchange

Powers

CONTINUED FROM PREVIOUS PAGE

anks to boost their solvency tios through share issues. The tio of shareholders' funds to sk-bearing assets has fallen eadily to 7.4 per cent in the st quarter of 1978 after have een over 17 per cent 10 years rlier.

The bank has continually been wering its requirements over at time but has now decided draw the line. The new Act s given the bank much eater powers than before to force its prudential controls. its instructions are dis beyed it can put a credit in titution into "secret ceivership"—which means at the institution concerned ust refer all decisions to a secret receiver" appointed by e bank. It can publish any nored instructions. It can ke steps to engage another, ancially strong, institution to ve support to a weak one.

Interestingly, the new Act so makes specific provision for e international bank regula n which is now the subject so much discussion in Basle d elsewhere. The Act allows itch banks to relay data levant to prudential control bank supervisory authorities other countries. The presi nt of the bank, Dr. Jelle jlstra, who is also head of e Bank for International Settlements, is a strong advocate of improved monitoring of internationally consolidated bank balance sheets.

So much for the central bank's tight grip on the domestic bank ing scene. The other aspect of the bank's supervision concerns foreign banking. Traditionally Holland has been an exporter of capital and also an entrepot centre for international capital flows. The international bank ing business in Holland grew rapidly in the late sixties and early seventies during the period of current account surpluses created by the country's gas wealth.

Abroad

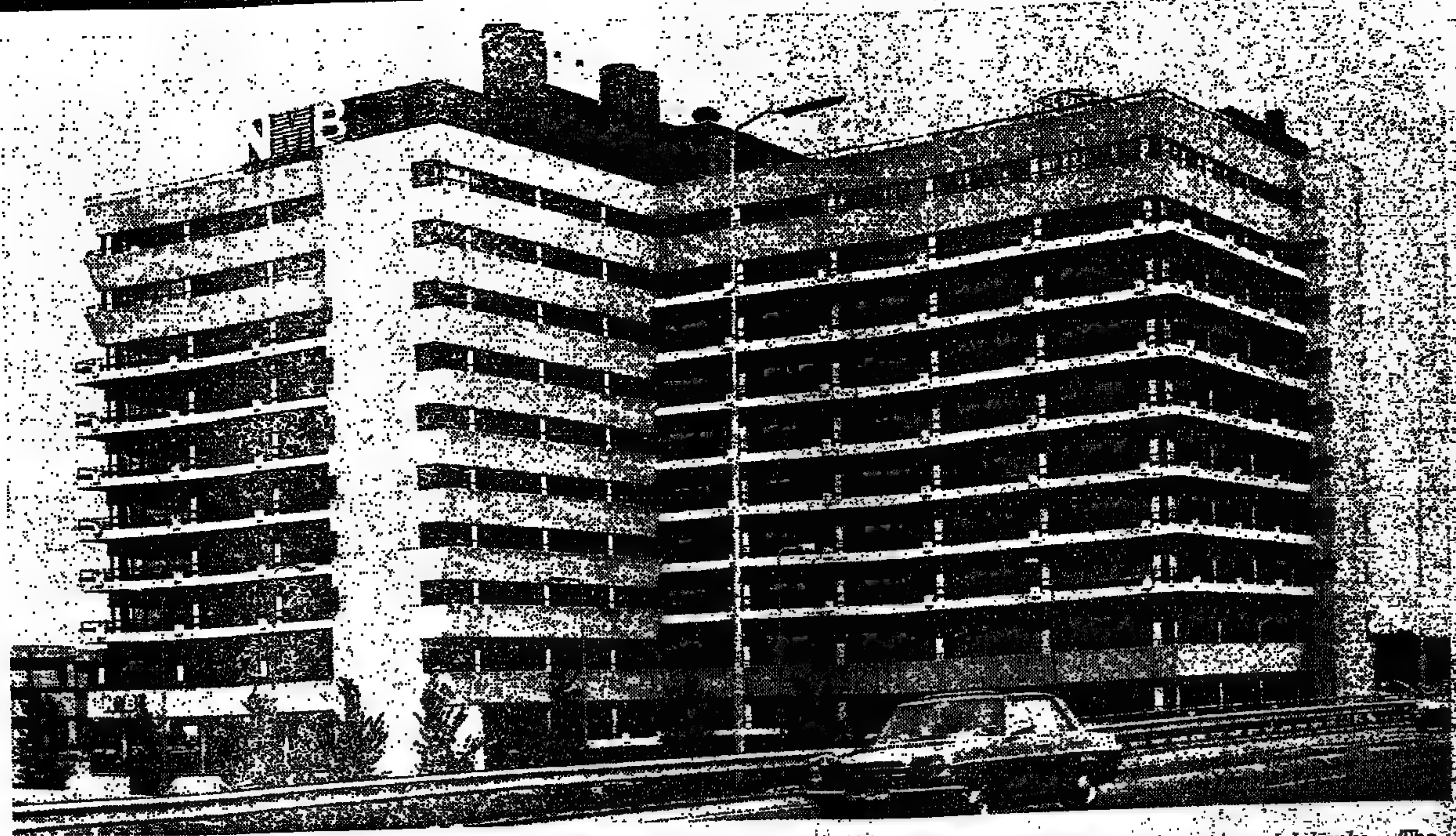
Recently the inflow of foreign banks has slowed right down. But at the end of 1976 assets abroad accounted for one-third of the Dutch banking system's assets and liabilities abroad. Much of this out-to-out business was denominated in other currencies, but in the inter national deployment of its own currency Holland ranks third in Europe behind Germany and Switzerland, according to the OECD.

The bank adopts a liberal attitude towards this out-to-out business—that is, borrowing funds abroad for re-lending to foreigners. There are no reserve requirements or tax obstacles to such business and participation in internationally syndicated loans is subject only to general authorisation.

The chief aim of the bank's regulatory stance is to encourage capital export and re-export, but to discourage capital imports and to limit the adoption of the guilder as an international reserve asset. To this end the bank applies a (recently liberalised) rule which now states that the external liabili ties of the Dutch commercial banks may not exceed their external assets by more than Fl 3.3bn ($1.57bn). This type of control is enshrined in the new Act. Other measures to prevent capital inflows include restrictions on borrowing abroad by Dutch non-banks and —from time to time—restric tions on types of deposit and on interest payments to foreign depositors with Dutch banks.

Finally, in order to limit the total quantity of Euro-guilder securities outstanding, the bank operates a queue system for public issues and private place ments by non-residents and, in the case of private placements, preserves some influence over terms and conditions.

Nicholas Colchester



In recent years, the savings institutions of the Netherlands have seen their market share eaten into by the commercial banks. The Nederlandsche Middenstandsbank in Amsterdam (above) is the prime example of a commercial bank with an affiliated savings subsidiary

Savings banks become a major force

THE SAVINGS and co-operative banks in the Netherlands tend, like their counterparts elsewhere, to keep a fairly low profile. While their lack of a Stock Exchange quotation and the apparently unglamorous character of their operations mean they escape the public scrutiny to which their publicly quoted rivals are subject, they have become a major force in the Dutch banking world.

In the Netherlands, four main groups compete on the savings market. The largest is formed by the agricultural co-operatives—principally the Rabobank, with a few smaller institutions led by the Friesland Bank Co-operative. Together they accounted for 42 per cent of the savings market in 1978.

The rapidly growing activities of the general commercial banks, such as the Algemene Bank Nederland and the Amsterdam - Rotterdam Bank, have pushed them into second place with 24.3 per cent of the savings market. The commercial banks' discovery of the private customer has fundamentally changed the face of banking and created considerable competition for the traditional savings banks.

The commercial banks are followed by the 80 or so savings banks which are linked through the Nederlandse Spaarbankbond—the association of savings banks which was founded in 1907.

The association has seen the number of individual banks affiliated to it fall from around 350 at the beginning of the century to the present level. The process of mergers is continuing, however, as larger units are formed in the major cities, the numbers are expected to stabilise. The savings banks proper account for 17.1 per cent of the market.

The Post Office Savings Bank has 14.9 per cent of the savings market. Plans to merge the bank with the Post Office cheque and giro system have been under discussion for several years now and a final set of proposals may be presented within a few weeks.

Merger

The centre-right Government appears to have dropped the previous left-leaning coalition's plans to make the bank into an aggressive competitor in most areas of banking—including the hitherto untouched area of commercial credits—in favour of a less radical merger of their present activities.

The remainder of the savings market — 1.8 per cent — is accounted for by savings banks affiliated to the commercial banks—of which the Nederlandsche Middenstandsbank's savings subsidiary is the prime example.

All the other savings institutions have seen their market share eaten into by the commercial banks, in recent years. The commercial banks increased their share by about a third between 1976-78. Rabobank and other agricultural co-operatives saw their share decline slightly from 42.6 per cent in 1976 to 42 per cent last year.

The savings banks fell from 19.8 to 17.1 per cent, while the Post Office Savings Bank declined from 17.3 to 14.9 per cent.

All sectors took part, though in the absolute increase in savings deposits from a combined Fl 66.5bn in 1976 to Fl 93.7bn ($48.8bn), last year. The savings banks rose by Fl 2.8bn to Fl 16bn, the Post Office Savings Bank by Fl 2.4bn to Fl 13.9bn and the agricultural co-operatives by Fl 11.1bn to Fl 39.4bn.

This sizeable market has come under pressure, though, in recent years the savings banks association noted in its latest annual report savings as a share of national income fell sharply from around 20 per cent in 1974 to only 14 per cent in 1978. This was largely due to a decline in savings by the Government, companies and the social insurance funds.

Family savings levels have also fallen, however. Savings, as a share of disposable family incomes, fell to 13.5 per cent in 1978 from 16.6 per cent in 1974. The considerable investments required to revive Dutch industry and improve its competitiveness on foreign markets must, to an extent, be met from family savings.

The association is in favour of more encouragement of savings. It welcomed the recent decision to free the first Fl 200 ($100) interest on savings' deposits from tax, but called for the tax limits to be raised to at least Fl 1,000.

The relatively modest position of the savings banks proper in the total Dutch savings market compared, for example, with their West German counterparts, is largely due to restrictions on the granting of commercial credits by the Dutch banks. While the savings banks' earnings on pure savings business in the Netherlands are not liable for corporation tax, other business does carry the normal tax charge.

The banks would face a considerable tax bill if they were to broaden their activities in this way. Nevertheless, the savings banks are now considering very carefully whether to go into this market, said Mr. W. F. van Leeuwen, deputy director at the Savings Banks Association.

Not that the savings banks have been standing still in recent years. The development of transfers by cheque, which led to most large companies paying wage packets directly into their employees' bank accounts, changed the face of the savings banks. They became money managers for their clients, moving into mortgage lending with the recent increase in home ownership and subsequently offering allied services, such as insurance.

A typical savings bank will now offer deposit and savings accounts, savings deposits and certificates, mortgages, continuous credits, personal loans, home improvement loans, insurance, package holidays, foreign currencies and security transactions.

The largest of the Savings Banks Associations' members, the newly-formed Centrumbank, has a balance sheet total of Fl 2.9bn ($1.45bn), which makes it considerably larger than many of the smaller commercial banks.

The bank, which assumed its present form in March, represents a merger of eight smaller banks in and around Amsterdam. Centrumbank now has more than 120 branches and 896,300 customers' accounts.

The Savings Bank Association expects the mergers to continue as the smaller banks scale up to meet the rising costs of the computers and other tools of modern banking and to pool skilled staffs. The revised law on the supervision of the credit system, which came into effect in January, is expected to speed up this process.

This law lays down a minimum asset level of Fl. 500,000 for a bank to be granted a licence, and some of the smaller savings banks do not meet this requirement. The demand that a bank should have more than one senior director would also pose problems for many of the savings banks in their present form, and this requirement, too, can be expected to lead to mergers.

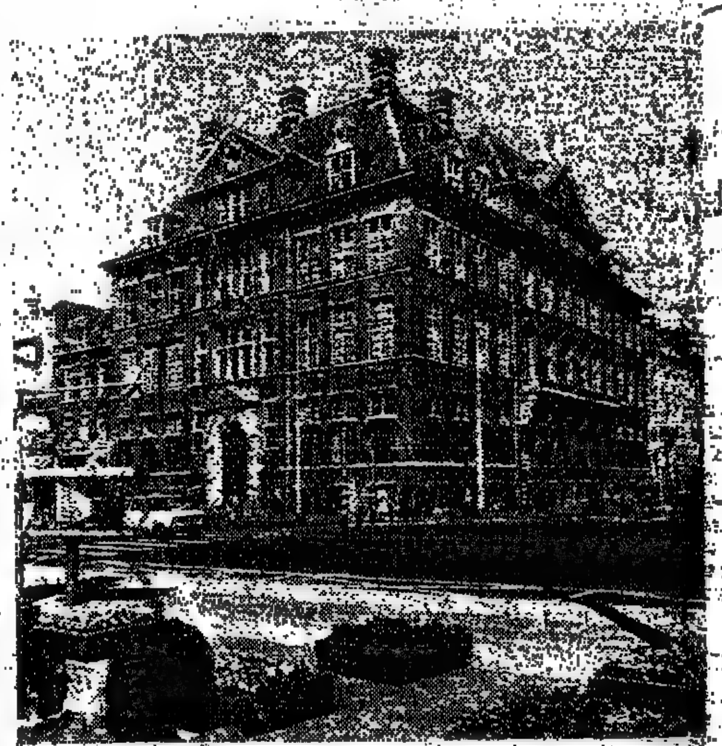
A similar process is under way at the Rabobank where the number of affiliated banks fell to 1,000 in 1978 from 1,200 at the time of the founding of the bank in its present form, in 1971.

The Rabobank resulted from the merger of two independent agricultural co-operative banks, the Co-operatieve Centrale Raiffeisenbank and the Co-operatieve Centrale Boerenleenbank.

The bank is now rationalising the branch network it inherited from these two institutions. Rabobank, too, has extended the range of services it offers to compete with the commercial banks. It now ranks number two in the Netherlands, with a balance sheet total of Fl 74.2bn in 1978.

While the structure of the Rabobank is similar to that of the savings banks — with member-banks operating with a fair degree of autonomy—it has built up a stronger headquarters operation, based in Utrecht. This has enabled it to expand internationally over the past few years.

CB



The agricultural co-operatives are among the larger groups competing for the savings market. But the fast-growing activities of the general banks, such as the Algemene Bank Nederland (above) and the Amsterdam-Rotterdam Bank, have pushed them into second place with 24.3 per cent of the savings market

The break-up of the anti-Gandhi coalition: By K. K. Sharma in New Delhi

A factional dogfight

THE PROPHETS of doom have been proved right 28 months after the Janata Party was born, among them Mrs. Indira Gandhi, whom it ousted as Prime Minister of India. The Janata Party, formed by an illusory merger of five disparate groups which never combined properly, has disintegrated. Indian politics presents an unedifying picture of personalities and groups fighting to fill the vacuum created by the collapse of the Janata Government headed by Mr. Morarji Desai.

Much of the blame for the near chaos must go to Mr. Desai himself. He became Prime Minister on March 24, 1977, when Mrs. Gandhi was trounced in the general elections, but never really had any personal following. The five factions in the Janata were as surprised by having been catapulted to power by the electorate as, possibly, Mrs. Gandhi was at the manner in which she had been rejected. The five factions had no common policy, no leader acceptable to all of them.

When the time for selection came, Mr. Desai was nominated by the ageing Mr. J. P. Narayan, who had led the campaign against Mrs. Gandhi. Mr. Desai lived up to his reputation for arrogance and pursuing idees fixes like prohibition. He led a persistently divided party in which political heavyweights like his two Deputy Prime Ministers, Mr. Charan Singh, and Mr. Jagjivan Ram—now the main contenders for power—refused to give him total allegiance. He remained Prime Minister because of the reluctance of the factions to admit that their experiment was doomed to failure from the beginning.

They knew that Mrs. Gandhi was ever ready to fill the vacuum which a collapse of the Janata would create. Faced by what she claimed was a vindictive campaign of bringing up charges of abuse of power during her 19-month emergency rule, Mrs. Gandhi has fought a remarkable rearguard action. Unerringly she picked the issues of Janata inactivity and failure to govern, and the rights of the underprivileged and minorities. These are, indeed, the issues on which the final onslaught on Mr. Desai was mounted.

But Mrs. Gandhi still finds herself, for the present, largely isolated because of her own insistence, on the advice of her son, Mr. Sanjay Gandhi, on complete allegiance to herself. She cannot hope to return to power before new elections are called.

That may become necessary if the present jostling for position among the innumerable factions continues and the president, Mr. Sanjiva Reddy, finds there is no viable alternative. For the present, none is in sight.

The factions are so various that even Indians find it difficult to follow what they are and what they stand for. Politicians shift from one to another with unabashed expediency.

Broadly speaking, the five groups of the Janata Party have fragmented into many more. The two foremost among the original five were the Bharatiya Lok Dal (BLD), led by Mr. Charan Singh which spoke on behalf of the rich farmers, and the Jana Sangh. The latter is a Hindu nationalist party, having close ties with the Rashtriya Swyamsewak Sangh (RSS), a militant Hindu organisation that claims it is merely "cultural" without political ambitions.

The so-called "dual membership" of the Jana Sangh faction in the Janata Party and the RSS was the immediate trigger of the crisis. Since the country has witnessed several bloody communal clashes in the past two years, the other factions insisted that the Jana Sangh break openly with the RSS. They made this the foremost issue because of the growing hold that the Jana Singh was acquiring not only over the central Government in New Delhi but also over the Hindi-speaking states of the North ruled by the Janata. It used its influence there to secure jobs for its followers, sparking off new tensions in areas where there is high unemployment and Hindu-Moslem friction is strong.

The Jana Sangh, the only faction in the Janata apart from the BLD to have a grassroots organisation, was plainly out to grab power in the long run. It found in Mr. Desai a willing ally. Lacking any following of his own, he ignored complaints about "dual membership" to keep the powerful Jana Sangh on his side. The Ministers who resigned early last week did so on the grounds that the Jana Sangh's links with the communal RSS were unacceptable.

Defection ploy

The ministers belonged to the other factions in the Janata Party. They included Mr. H. N. Bahuguna, Minister for Petroleum and Chemicals, of the Congress for Democracy group. A shrewd politician with a curious gift of political prescience, Mr. Bahuguna was instrumental in Mrs. Gandhi's defeat in 1977 by luring Mr. Jagjivan Ram—then her Defence Minister—to defect from her Congress Party.

Although it is now known that Mrs. Gandhi lost the 1977 election because of the sterilisation campaign conducted in northern India by her son, Sanjay, Mr. Ram's defection gave an impulse to events. It has made him a powerful politician who is nationally respected even though—and possibly he is a Harijan (Untouchable). Despised by orthodox Hindus as being outside the caste system, the Harijans number about 80m and are thus a powerful minority. Mr. Ram is their acknowledged leader in Parliament.

He has considerable administrative experience. Even though his personal following in the Congress for Democracy is small, his standing is high throughout the sub-continent.

The remaining factions in the Janata are the Socialists and those members of the Congress who opposed Mrs. Gandhi when she first split the party in 1969 upon being challenged by the establishment. The Socialists are split into at least three groups, each of which probably has a following of fewer than 10 members of Parliament and so cannot play a decisive role.

Neither has the fifth group, led by Mr. Desai, the "old" Congress rejected by Mrs. Gandhi in 1969. Most of its members, including Mr. Desai, lack a popular base. That is why its few members were forced to identify themselves with the Jana Sangh. The "old" Congress can be expected to throw their lot in with what they feel will be the winning faction.

A straightforward answer to the question which faction will come out on top is impossible to give, since parties outside the Janata—as divided and numerous as the Janata factions—must be reckoned with. It is impossible to ignore the new Janata(S)—the (S) stands for secular—formed by the ebullient Mr. Raj Narain. Known chiefly for successfully challenging the validity of Mrs. Gandhi's election to Parliament in 1975, and thereby setting off the chain of events that led to her emergency rule—and later for defeating her in the 1977 general election. Mr. Narain was dropped by Mr. Desai as Health Minister last year.

At that time Mr. Narain—known for toppling powerful figures despite an occasional air of buffoonery—was Mr. Charan Singh's protege. They broke with each other a few weeks ago. Mr. Narain led a flood of defectors from the Janata a few days ago by forming the Janata(S). It is a formidable force. Mr. Narain claimed it was the largest group in Parliament next to the now disintegrated Janata. He has even staked a claim that the Janata(S) should form the next Government. At the moment he is not being taken seriously, but yesterday he again identified himself with his former mentor, Mr. Charan Singh. The position of the latter is thus considerably strengthened.

One must also not ignore the official opposition in parliament, the Congress which is not to be confused with the Congress (I)—the "I" standing for Indira—led by Mrs. Gandhi. It was the no confidence motion of the Congress, moved last week, that sparked off the present defections from the Janata.

If, as is commonly believed, the next Government is a coalition of "like-minded secular and democratic" forces, the support of the Congress parliamentary party led by Mr. Y. B. Chavan could be crucial.

Mrs. Gandhi's Congress (I) has hardly any role to play yet. She is interested mainly in the withdrawal of the cases brought against her (she is due to appear on Wednesday before a special court) and she is aware that any Government that is formed will not forgive her.

She is therefore hoping that an election will become unavoidable. Mrs. Gandhi could then hope to cash in on the widespread disillusionment. No one else wants an election at the moment, since the other factions know that their disunity is a major factor in favour of Mrs. Gandhi.

The popular disillusionment with the Janata reached a peak recently when it was amply demonstrated that the Government had failed to tackle growing economic and political problems despite the existence of favourable factors such as huge food and foreign exchange reserves. It does little credit to the Government that—nearly 2½ years after it came to power—it still has to finalise the sixth Five-Year Plan. So far it has been content to get by on the basis of annual plans which do not really face the challenge of how to end unemployment and poverty. Moreover, after relative price stability during three years, prices have risen by 10 per cent since the budget presented on February 28.

Failures on other fronts have been even more serious—foremost among them the deteriorating law and order situation. In the northern Indian towns of Aligarh and Jamshedpur, about 150 people have been killed in Hindu-Moslem riots since October. The Moslem community, numbering about 80m throughout India, has not felt that Mr. Desai's Government has dealt with them as even-handedly as past Congress administrations. In several states the police have also mutinied.

Finally, the Desai Government alienated those states not ruled by the Janata. That is one reason for the Janata's former election allies, the Marxists, deciding to vote for the motion of no confidence if it had come before Parliament.

Centre-state issues are important because the growing differences threaten the country's integrity and weaken the federal structure. Non-Janata parties ruling the southern states have a substantial representation in the central Parliament and are now being wooed by all aspirants to power. That will inevitably add to the confusion and instability in the current power struggle. The danger is that it will weaken India's democratic structure.

Jagjivan Ram, 71, perhaps the most experienced politician in India, has been in the central cabinet since independence in 1947 with only short breaks in 1962 when Nehru dropped him, and 1977. As a Harijan (untouchable), he commands the allegiance of all minorities. He is possibly the only major contender acceptable to southern India.

Jagjivan Ram has held almost every key portfolio except finance. Known popularly as "Babuji," Jagjivan Ram lost the race to become Prime Minister in 1977 to Desai. One of the obstables in his way—as in the case of most senior Indian politicians—are scandals in which his son has been involved.

Charan Singh, 76, champion of the peasantry, has his base in the politically key state of Uttar Pradesh, where he has been Chief Minister twice. He has a reputation for breaking up parties he belongs to. He broke with Jawaharlal Nehru because of their different assessments of the economic situation, then went on to pursue his own view of "Ghandhian economics." The burden of it is that India's problems can be solved only by attending to agriculture, not to heavy industry.

Charan Singh has hardly travelled and cares little about foreign policy. If he became Prime Minister, India might figure less prominently in international politics.

Hemwati Nandan Bahuguna, 58, is the youngest contender and for this reason the least likely to succeed. Of distinct leftwing leanings, Mr. Bahuguna is among the few senior politicians trusted by the Muslims and minorities. Mr. Bahuguna was once Indira Gandhi's most trusted follower. She made him Chief Minister of the state of Uttar Pradesh from 1974 to 1976 but they quarrelled during the emergency. By starting a new party — Congress for Democracy — to which many congressmen flocked, he dealt Mrs. Gandhi a severe blow. He is considered a good administrator with a remarkable capacity for hard work, and one of the few successes of the Janata cabinet.

Letters to the Editor

Knock-for-knock outdated

From the General Manager, Automobile Association Insurance Services

Sir,—I have followed with interest the articles concerning the revised knock-for-knock agreement and the effect it will have on the motor fleet operator. Clearly, arguments between supplier—the insurers and purchaser—brokers and/or motor fleet managers are far from over and it would appear that the new agreement does not provide the answer.

The insurer's objective is a fairer allocation of premium. This cannot be challenged as it stems from a basic principle of insurance that contributions to the central premium fund should bear some real relationship to the likely call upon that fund. Equally fleet operators appear to have a justifiable objection because the market agreement effectively limits their freedom of choice to purchase a particular level of insurance cover.

In many organisations the motor fleet represents a major cost and to minimise running expenses is a prime objective. If the operator believes it is cheaper to carry the risks of damage and liability himself rather than pass them to insurers then he will do so. Under current legislation and the new insurance agreement the sums are complex but must be attempted. Fleets with a high mileage inevitably produce a large number of accidents but good driving will minimise their ultimate cost if blame can be apportioned. Insurance agreements prevent this happening.

Surely the whole concept of knock-for-knock agreements needs reconsidering. They were originally introduced to avoid the cost and delays in settlement of claims brought about by the need to apportion liability between two or more parties involved in an accident. Nowadays few comprehensive motor insurance policies are issued without an accidental damage excess, sometimes of substantial value. This excess becomes an uninsured loss for one party in an accident and liability for that loss is in practice determined by an insurer thus defeating the main object of the agreement.

Insurers always argue that the demise of knock-for-knock agreements would result in a huge increase in litigation costs but I doubt if this would occur in practice. A market without internal agreements seems the only fair way to determine how much or how little a vehicle owner should pay for his motor insurance at whatever level he chooses.

David Thomas,
General Manager.
Fanum House,
Basingstoke, Hants.

Joining the EMS

From Mr. W. Walker-Watson

Sir,—The prediction (July 9) by Messrs. Burge and Co's Economic Adviser that recent currency and tax policies may cause imports to fall is encouraging news. But when he suggests that we must look further into the future when assessing the full effect of current policy changes, he makes no reference to the probability of our adopting the European Monetary System.

Such a move, which looks increasingly imminent, will surely make "forward cover" in overseas trading virtually unnecessary. One of the benefits of belonging to the EMS will be the stability it will give to deals in foreign currency, thus reducing the stockpiling to which Mr. Horsnall refers.

It would be interesting to hear whether he agrees that, with a strong pound and increased oil prices, now is the time for us to join the EMS. It would ensure the reduction in imports he foresees, and put our trading relations with our EEC partners on a stable basis.

W. Walker-Watson.
19, Rue Brezin, 75014 Paris.

Prosperous farmers?

From Mr. M. Colston

Sir,—John Cherrington states (July 11): "The situation now is that farming is prosperous." Farms now fetch around £2,000 an acre and the Agricultural Mortgage Corporation is quoting rates of around 13½ per cent. Is John Cherrington seriously suggesting that a farm buyer on average land can recover £270 per acre to cover interest and still have enough left to be called "prosperous"? If he is ignoring land values then he is putting agriculture in a class of its own: other industries would never be termed prosperous unless they were making a fair return on capital at current valuation.

Michael Colston.
Ewelme Park Farm,
Nettlebed, Oxon.

Capital costs of energy

From Mr. K. McKenzie

Sir,—There is considerable interest in the efficient use of energy in the use of cars and other road transport. I believe that your contributors have focused on the "running" cost in terms of energy, a type of assessment which may be reduced, at least in theory, to a "miles per gallon" or "miles per unit of energy" evaluation, in relation to payload.

I would suggest that any comparative investigation between vehicles (and drivers) should take into account not only the "running" energy costs, but also the "capital" energy costs. That is to say, not only "How much energy to run this car for 10,000 miles in relation to its payload?", but also "How much energy has been expended in producing this car?"

Parallels between energy management and financial management are evident. As financial managers we must manage our fixed ("capital") assets as well as our current assets; similarly, as energy managers, we must have regard to the "capital investment" of energy required to produce the car, as well as the "current asset" management or energy on an ongoing basis.

The capital investment of energy would evidently include notably the energy employed in manufacturing each car, including machining, pressing and fabrication, and also the energy consumed in making the raw materials and components employed. If a particular car employs one ton of steel in its coachwork and mechanical components, then the total energy employed will include that required to mine sufficient ore and take it through all intermediate processes to its finished state of one ton of assembled steel vehicle. Similarly, for all other materials: for example, an aluminium engine block's energy content includes that from the primary processes related to bauxite.

Emphasis solely on the efficient use of "current" energy may be expected progressively to lead to smaller and lighter cars, in order to improve consumption. We would expect this approach also to provide some pressure towards reducing, for example, the thickness of sheet steel employed, or the weight of transmission components. If this were to happen, there would be an immediate saving on the "capital" energy investment, as well as on "current" energy consumption.

We may also, however, expect that reduction of metal content in the pursuit of lightness could also lead to a shortening of the life span of the car, due to corrosion or reduced sturdiness. The life span of the car is an important factor in "capital" energy investment; is it better to reduce the car's weight and shorten its life, or to increase its weight by say 10 per cent to increase substantially its longevity, so that fewer cars will be sold? We would not expect car manufacturers to pursue willingly a strategy which decreased their output, in terms of numbers of cars.

From the above considerations, it would seem that the question of energy management may be as complex as that of financial management. Evidently extensive analysis encompassing the above factors, and others, is required. Too much emphasis on miles per gallon evaluation, without such analysis, may not lead to the most efficient use of energy.

K. I. McKenzie.
(Principal Lecturer),
Department of Management Studies,
Sheffield City Polytechnic,
Pond Street,
Sheffield.

Small firms and unemployment

From Mr. R. Musgrave

Sir,—The current attention given to small firms derives largely from fashion rather than logic, and your leading article of July 12 on the subject did nothing to spell out whatever logic there is in the small firms craze.

For example, the statistic you quote, namely that 66 per cent of new jobs created in America between 1969 and 1976 were in firms with less than 20 employees, is not desperately surprising. It is very much in line with two facts: the majority of employees are in small firms and firms tend to start small, then grow and finally die.

As for a "resurgence of small business being the best hope for stemming the rise in unemployment," to quote your article, this sort of phraseology goes down well in a political speech, as do about a hundred other quack remedies for our economic problems. So far as hard economic theory goes, I do not see that the small firm looms particularly large in any of the generally accepted explanations for unemployment—frictional, structural, demand deficient voluntary, and so on.

R. S. Musgrave.
24, Garden Avenue,
Framwellgate Moor,
Durham.

Lease rental payments

From Mr. S. Evans Jnr.

Sir,—In your issue of July 10 Messrs. French and Lafferty discuss the structuring of lease rental payments for Court Line.

It is implied that "step rentals" were responsible for the lack of a complete and useful financial picture in the balance-sheet of Court Line. Such almost certainly was not the case. Step rentals are analogous to periods of partial or complete grace in repayment of a loan; they do nothing more than permit a lessee to accommodate a time of reduced cash flow available to make rent payments, whether at the outset of the lease or further into its term. Such payment structures reflect the lessor's assessment of the lessee's ability ultimately to fully amortise the lease obligation.

Capitalisation of lease obligations in the balance-sheet of the lessee does present a more complete financial picture, but step rental structures are not related to capitalisation.

Stanley A. Evans Jnr.
(Vice-President).
BankAmeriLease Group,
25, Cannon Street, EC4.

The road to metrication

From the Director Metrication Board

Sir,—Roy Jenkins of Gloucester (July 9) is right when he says a French housewife may ask for a "livre" of apples. But although the word is an old one she is in fact buying the metric quantity of 500 grams.

This kind of usage may well develop naturally in the United Kingdom without intervention from the Metrication Board or any other organisation. The Board was set up to facilitate the transition to the metric system so that we get the advantages in industry, technology and numeracy

I suggest that Mr. Jenkins very much underestimates the extent to which exporters will need to supply the North American market with metric products. Canada is a long way down the road to metrication. Appointments to the United States Metric Board were confirmed by the Senate in 1978 and the administration has made it clear that it strongly supports conversion to the metric system.

Jim Humble.
Metrication Board,
Millbank Tower,
Millbank, SW1.

Today's Events

GENERAL

UK—Power engineers pay talks with Electricity Council.

Trades Union Congress conference on race relations, Congress House, London.

Sir Richard Marsh, Newspaper Publishers Association chairman, speaks at American Chamber of Commerce lunch, London.

Milk Marketing Board publishes annual report.

Mr. John Moore, Department of Energy Parliamentary Under-Secretary, and Mr. Patrick Gillam, BP trading director, speak at Institute of Purchasing and Supply London conference on oil—how serious a crisis?

Overseas—First session of new European Parliament, Strasbourg (until July 19).

International Air Transport Association meets in Geneva to debate rise in air fares.

U.S. auctions 750,000 ounces of gold in Washington.

PARLIAMENTARY BUSINESS

House of Commons—Emergency debate on Shotton steelworks closure. Debate on motion on reducing public services for those who need them most. Northern Ireland Orders on Pneumoconiosis, inheritance, Capital Transfer Tax, and tattooing of minors. Opposed private business.

House of Lords—Law Reform (Miscellaneous Provisions) Scotland Bill, committee. Education Bill, second reading. Hypnotism Bill, second reading. Debate on Dioxin.

COMPANY RESULTS

Final dividends—Allied Colloids, Black Arrow Group. Peter Brotherhood. H.A.T. Group. Heron Motor Group. Hogg Robinson Group. Jones, Stroud (Holdings). Magnet and Southerns. Oil and Associated Investment Trust. Stroud Riley Drummond. Unigate. Interim dividends: Barlsfords. Bootham Engineers. Glass, Glover Group. Yule Catto. Interim figures: McMullen and Sons.

COMPANY MEETINGS

Allied Breweries, 20, Aldermanbury, EC, 2.30. Churchbury Estates, Connaught Rooms, Great Queen Street, WC, 12.30. Dom Holdings, Great Eastern Hotel, Liverpool Street, EC, 12. Hambros Investment Trust, 41, Bishopsgate, EC, 11.30. Whitbread Investment, The Brewery, Chiswell Street, EC, 12.30.

Rank tops £64m midway and sees rise for year

PRE-TAX profits up from £57.3m to £64.41m are reported by the Rank Organisation for the 28 weeks ended May 12, 1979. The directors expect the improvement to continue and say pre-tax profit for the year should show an increase over the previous year's £121.9m.

However, the steady progress in the increasing profitability of operations directly controlled by Rank during recent years received a temporary setback in the first half, the directors say.

Trading profit for the group's own operations amounted to £7.76m, a disappointing result compared with last year's £12.29m, and was mainly due to the severe winter and the transport strike. Both the leisure and manufacturing activities in the UK were affected.

Overseas, the Australian subsidiary has yet to benefit from its recent acquisitions while profit margins in the television market remain inadequate.

Stated earnings per 25p share are 16.9p against 15.6p. The interim dividend is raised from 4p to 4.8p and the Board says the removal of dividend restraints will enable the total dividend to be considered on the basis of the group's performance rather than on the statutory basis.

At the time of the January rights issue, the directors intended to pay dividend totalling 10.7p for the current year. The previous total was 8.9774p.

The results exclude Butlin's, as usual, and Leisure Caravan Parks.

SSAP 12 has been adopted and additional depreciation is allowed of £202,000. Comparisons are restated to allow for additional depreciation of £190,000.

Rank Xerox results are favourably affected by currency movements of about £6.5m. Excluding this factor, underlying growth was 10 per cent.

The directors continued to sell properties and sites no longer required for development, realising over £2m.

Rank Hotels improved over the previous year with the London hotels performing particularly well and the level of bookings from overseas remaining high.

Top Rank Clubs traded well overall and catering operations are now benefiting from new rental concessions.

The film studios at Pinewood, after a slow start, are now fully occupied and will remain so beyond the year end.

Turnover of Rank Precision Industries was lower at £19.64m against £25.87m but pre-tax profits were ahead at £35.61m compared with £31.08m. An interim dividend of 80p per share is declared absorbing £4m, an increase of 20 per cent on the previous year's interim payment.

Demand for Taylor Hobson products continues at a high level but certain overseas contracts for Pullin Controls night-vision equipment have been delayed.

Rank Toshiba, which commenced trading on November 1, is fulfilling expectations and production is running at budgeted levels.

Profit margins from marketing television and audio products continue to be under pressure but results are now improving after a slow start to the year.

The difficulties experienced at the beginning of the year also affected Rank Audio Visual but a recovery is expected by the year end. Agencies for Akai and Rotel products, where profits were unsatisfactory, have been discontinued.

Sales of Wharfedale hi-fi speakers are buoyant and exports are expanding.

Rank Film Laboratories are having a very successful year, operating to full capacity. Further investment has been made at the video centre.

English Numbering Machines will produce improved results this year while results of Rank Industries in North America are steadily improving.

Pre-tax profit of the quoted subsidiary, A. Kershaw and Sons, improved from £1.62m to £2.26m in the 28 weeks, mainly comprising investment income from its substantial holding in Rank Precision Industries (Holdings).

Earnings per share are stated at 21.89p against 16.73p and the interim dividend is raised from 8p to 9.6p per share. The previous total was 23.07p from pre-tax profits of £6.21m.

See Lex


Freddie Mansfield
Mr. Harry Smith, chairman of Rank Organisation

HIGHLIGHTS

Rank Organisation has produced figures which show high half-time profits but this disguises a setback at non-xerox subsidiaries. Rank-Xerox associates have shown good increases. Philips Lamp has finally decided to make a bid for the minority of Pye after considering and rejecting various alternative proposals. Lex also considers yesterday's economic statistics including some trade figures which are not nearly as good as they look. Elsewhere it was a bad day for Ladbroke which lost its fight to hold onto its casino licences. Lex looks at the considerations for the share price. Elsewhere Associated Leisure has produced good results and comments are made on LRC, Ratners, Crown House and Montague Meyer.

LRC profit down 11.8%: dividend held

SALES of LRC International, the home, health care and leisure products group, rose 6 per cent from £93.2m to £98.9m in the year ended March 31, 1979, but pre-tax profits were down 11.8 per cent from £6.67m to £5.88m.

The directors say that £470,000 of the £789,000 downturn was accounted for by the disposal of Pharmax, the move to associate status of the Indian and Nigerian companies no longer consolidated as subsidiaries, and changes in conversion rates on overseas profits.

Earnings per share before extraordinary items are stated as 3.952p against 3.177p. The final dividend is again 1.53p, maintaining the total at 2.228p.

When reporting first half profits down from £4.13m to £3.32m, the directors said trading conditions in the UK were not so good in the first quarter but picked up in the second quarter and the improvement was continuing.

They now say that UK operations were buoyant but export profits, severely affected by the weakness of the dollar and other currencies, were aggravated by the transport strike and the closure of the docks in the last quarter of the year.

Of the divisional results, the industrial holdings division showed a satisfactory improvement over last year and LRC Products, also in its first year of operation following the re-organisation of divisions, produced UK sales up 21.5 per cent.

LRC Overseas was heavily influenced by profit losses in Iran and Canada (North America division) had an unsatisfactory first half but showed a good recovery in the second. LRC Europe turned in excellent results showing a profit increase of over one-third above the prior year.

The continuing strength of sterling is posing a serious challenge to the group, particularly in the American and Far East export markets the directors say.

Having largely completed the latest capital development programme, the group's Malaysian plant—now producing on target—is providing essential glove supplies to the European and export markets.

Earnings per 20p share were ahead from 1.47p to 1.72p and the interim dividend is raised to 1.33p (1.139p) net—payments for 1978 totalled 3.149p from £157,021 revenue.

● comment

The year-end figures from LRC International are as expected, but nevertheless disappointing. Pre-tax profits are down for the second year in a row, this time by 11.8 per cent. Group sales are up by only 6 per cent: the reason for the small increase is the loss of the ethical drugs operation, Pharmax, sold last year. The Indian and Nigerian subsidiaries have been deconsolidated at a loss of £313,000. The French and German subsidiaries (DEPEX and Fraga) have been closed after operating difficulties, at a loss of £380,000. Further losses have resulted from a decline in exports and the problems of converting overseas profits, both because of a stronger pound. The latter problem has been particularly true of U.S. profits. The dividend for 1979 remains at its 1978 level of 2.228p, just barely covered. The p/e is 8.5 at 27½p, while the yield is 12.2 per cent.

R. H. Lowe mid term progress

PROFITS BEFORE tax of Robert H. Lowe and Co., clothing manufacturer, progressed from £216,002 to £231,471 for the half year to April 27, 1979, on turnover of £3.27m compared with £2.81m.

The interim dividend per 25p share is maintained at 1.33p net—last year's total was 4.355p on £497,660 pre-tax profit. A one-for-one scrip issue is also proposed.

Rise in new business at Sun Life

TOTAL new annual premium income of the Sun Life Assurance Group for the first six months of 1979 rose 23 per cent from £14.1m to £17.7m. Single premiums increased 18 per cent from £15.2m to £17.9m.

For pensions business, including policies for the self-employed, new annual premium income was up 22 per cent to £13.3m (£10.8m) and single premium income was 41 per cent higher at £5.2m (£3.7m). Individual life assurances and annuities produced new annual premium income of £4.4m (£3.5m), up 26 per cent; and single premiums of £12.7m (£11.5m), up 10 per cent.

The directors say the general increase in new business is encouraging after last year's exceptional growth which was largely due to the effect of the Social Security Pensions Act 1975.

Leda Trust up mid-year

Revenue of Leda Investment Trust advanced from £73,056 to £85,583 for the first half of 1979, struck after tax of £42,116 against £38,166. Gross revenue improved by almost £20,000 to £168,048.

Vinten profit expands to £1.6m

TAXABLE profits of Vinten Group, the cameras and photographic equipment concern, rose from £1.15m to £1.61m in the year to March 31, 1979, on increased turnover of £6.38m, against £4.48m.

At midway, the surplus was up from £356,000 to £822,000, and the directors said the television camera mounting equipment side continued to be buoyant and gave the opportunity to comfortably exceed last year's turnover and profit levels.

Mr. Michael Brown, chairman, now says this has been a year of progress, with growth in both of the group's principal activities. Direct exports now account for 68 per cent of turnover.

Sales of W. Vinten, the principal subsidiary, have increased to £5.73m through the delivery of major contracts to a foreign government. There has also been growth in demand in the range of television camera mounting equipment.

Production capabilities have been increased and up-dated through substantial investment in a factory extension and new plant, the chairman adds.

After tax of £541,195 (£440,019), earnings per 20p share are shown to have risen from 8.79p to 13.18p. The net final dividend of 2p lifts the total from an adjusted 1.0283p to 2.5p

Pre-tax profits were struck after higher interest of £66,407 (£23,287). Retained surplus came through at £862,736, against £659,604.

The group also announces that it has reached agreement to acquire the capital of D. A. Pitman. The consideration of £283,430 will be satisfied by the issue of 202,450 ordinary shares.

An additional £47,500 will be paid should pre-tax profits in the 18-month period to June 30, 1980, attain £110,000, plus 50 per cent of any excess profit up to a maximum of £25,000 further consideration, and will be payable in either shares or cash.

Turnover and profits before tax of Pitman for the 1978 year were £1,085,000 and £64,000 respectively. Net tangible assets were £258,000.

Assoc. Leisure ends year 42% ahead at £4.97m

TAXABLE profits of Associated Leisure finished the 53 weeks to March 18, 1979 ahead by 42 per cent at a record £4.97m, against £3.49m for the previous year.

Turnover rose 33 per cent from £21.89m to £29.12m.

At the interim stage the directors said that although recent acquisitions had a seasonal bias in favour of the first half—profits were up from £1.69m to £2.85m—they were confident that progress would continue for the rest of the year.

They now say that all divisions contributed to the improved result for the full period.

Earnings are shown as 12.08p (9.95p) per 5p share and the dividend is stepped up to 4.25p (3.01855p) net with a 2.75p final.

	53 wks. 1978-79 £000	Year 1977-78 £000
Turnover	29,123	21,889
Amusemt. mach.	22,501	18,080
Leisure centres, etc.	3,616	2,309
Hotels	2,904	1,415
Property inv.	102	85
Profit	5,226	3,529
Amusemt. mach.	4,177	2,946
Leisure centres, etc.	549	307
Hotels	424	204
Property inv.	76	72
Interest	260	35
Profit before tax	4,966	3,494
Taxation	1,773	813
Net profit	3,193	2,681
Minority interests	31	—
Pre-acquistn. adjs.	—	[illegible]
Extrord. debit	—	27
Attributable	3,162	2,572
Dividends	1,112	790
Retained	2,050	1,782

The increased payouts in Amusement with Prizes (A.W.P.) machines which took effect from February 20 1978, proved to be beneficial both to customers and to the group's hiring companies, and led to further growth in the inventory of sited machines, directors state.

Associated Leisure Sales' turnover in the year was a record and profits showed a healthy increase over last year, they add.

Incorporating the new micro-electronics technology in its equipment, they say that Associated Leisure Games is now an important source of supply of amusement machines to group companies and to external customers alike.

Trading profit of the entertainments division advanced substantially in the period with particularly good results being achieved by the amusement arcades: the Dreamland complex at Margate; the Lido at Cliftonville, and the Berwick holiday centre.

The trading performance of the group's hotels exceeded expectations and confirms the directors' belief that the division will provide an important source of profit growth for the future.

● comment

The latest figures from Associated Leisure may take the benefit from an extra trading week and additions to the hotel and holiday side, but nevertheless the performance is very much one of growth. The main consideration has been the change in the payout figure on amusement machines. This gave a significant boost to demand for new machines capable of the revised payout and a sharp jump to rental levels. The progress of last year is perhaps inflated but the new generation of micro processor machines should add extra very profitable life to amusement machines and the figures this year will by no means stagnate. The company's shares have caught the eye of the institutions of late and with a p/e of 8 and yield of 6.3 per cent at 106p there is still something to aim for. Another addition to the hotel chain seems likely this week adding to this fast-developing side of the business.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alexanders Discnt. int.	4.5	Aug. 10	4.5	—	16
Assoc. Leisure	2.75	—	1.72	4.25	3.02
Brentnall Beasel ...int.	Nil	—	0.57	—	0.57
Crown House	2.5	—	2.8	4.5	3.38
Dewhurst & Ptnr. int.	0.32	Sept. 3	0.28	—	0.92
A. Kershaw ...int.	9.6	Nov. 2	8	—	23.07
Leda Inv. Tst. ...int.	1.33	Aug. 31	1.14	—	3.15
R. H. Lowe ...int.	1.33	Sept. 10	1.33	—	4.36
LRC	1.53	Oct. 1	1.53	2.23	2.23
Meggitt ...int.	0.42	Oct. 8	0.22	—	0.64
Montague Meyer	3.75	—	2.97	5.75	4.67
Rank Orgn. ...int.	4.8	Nov. 2	4	—	8.98
Ratners	1.93	Oct. 5	0.19	2.76	0.43*
Riverview Rbr. 2nd int.	4‡	Aug. 15	4	—	12
Vinten	2	Sept. 7	0.69*	2.5	1.03*
Wearra ...int.	0.54	Aug. 20	0.45	—	1.46

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian cents.

Meggitt down at six months

AS FOREWARNED at the last annual meeting, Meggitt Holdings, machine tool distributor, reports reduced profits for the half year to April 30, 1979. On increased turnover of £3.91m against £2.83m, pre-tax surplus fell from £181,113 to £152,008.

In March, Mr. J. D. Tyler, the chairman, referring to the haulage strike and bad weather, said the company had suffered some shortages and in consequence had worked at lower levels than targeted for, and had fallen behind with deliveries. However, this situation was improving fairly rapidly and the outlook for the year as a whole remained bright.

He now reports that the merchanting division has reached a new high level of sales and profitability but, on the manufacturing side, planned output has not been achieved and the Board is taking steps to correct this.

Both divisions, however, have good order books.

Half-yearly earnings per 5p share dropped from 2p to 1.7p, but the interim dividend is lifted to 0.42p (0.2211p) net—last year's total was 0.6406p on £478,000 taxable profit.

Profits after tax for six months were lower at £71,924 against £85,894. Interim dividend costs £18,018 (£9,485).

REED INTERNL.

On October 15, Reed International intends to prepay at 102 per cent, bonds representing 4m European Units of Account (£4.5m).

This is the balance of its 1968/88 European Units of Account loan outstanding after the normal 1979 redemption of 1m Units.

Ratners expansion to £2.56m: UK sales up

ROFITS before tax of Ratners Jewellers) rose 61 per cent om £1.59m to £2.56m in the ear ended April 6, 1979 on igher sales of £19.31m compared ith £15.8m.

Sales in the UK were 20 per ent higher at £18.46m net of AT, against £15.33m and argins which suffered badly ist year have recovered to their ormer levels, the directors say.

A year's good trading and ermination of dividend controls ave given the opportunity of ncreasing the dividend to a iore realistic level. The final ayment is 1.925p effectively fting the total from 0.42689p to .7625p. A further one-for-two crip issue is also proposed.

At the time of last September's ights issue, the directors were xpecting to pay a total dividend f 2.345p.

The directors say that in the urrent year, sales have got off a very good start and although is too early to make a forecast, hey are confident about the utcome for the current year.

In 1978-79, there was a surplus n property transactions of 751,477 before tax. Excluding xtraordinary items, earnings er share are shown at 12.16p gainst 7.61p.

The surplus was entirely from e proceeds of favourable sale nd lease-back arrangements on hops occupied by the group. Six ranches were opened during the ear and since the year-end, even shops were acquired.

Several units are in advanced tages of negotiation and the oard plans that by Christmas, 26 branches will be fully perating.

	1978-79	1977-78
	£	£
tail sales	19,306,994	15,801,291
ofit	2,559,165	1,585,668
x	200,090	151,968
et profit	2,359,076	1,433,700
traordinary items	526,034	28,160
ividends	515,003	76,804
etained	2,370,106	1,385,056

UK profits were £2.75m, but vere reduced by a net loss in Holland of £193,416, due to the xtremely hard Dutch winter, and he Dutch economy.

Since the start of the current ear sales have increased 33 per ent and the directors therefore ave grounds for expecting an nprovement.

Once again the manufacturing ubsidiary, Jadaies, has kept up with the ever-growing pace of emand set by the retail usiness. Mondaies, the wholesaling subsidiary continues to upply all the stock required.

In the opinion of directors, the narket value of the group's easehold and freehold properties xceeds book value by £3.5m—his surplus has not been brought nto the accounts.

● comment

The 61 per cent gain in pre-tax profits at Ratners compares favourably with H. Samuel's 29 per cent increase in the year to February. The 20 per cent rise in group turnover reflects solid UK sales and a successful programme of expansion and rationalisation. Ratners plans to have 126 branches operating by Christmas. The group's Dutch operations suffered from a hard winter and a lagging economy, but sales are up 33 per cent since the start of the current year. The fluctuation of gold prices will probably not affect Ratners much since most sales are in lightweight jewellery. Ratners has boosted its final dividend for 1979 up to 4p, an increase of more than 500 per cent over last year, with a cover of more than three. The yield is 3.7 per cent at 109p and the p/e is 5.8. The successful management and expanded operations make the Ratners share an attractive buy.

£57,877 loss for G. B. Kent

G. B. Kent and Sons, brush maker, incurred a taxable loss of £57,877 in 1978, compared with a £21,312 profit last time.

Turnover was marginally ahead at £1.42m, against £1.37m. There is a tax credit of £14,081, compared with a £12,936 charge.

A dividend of 3.5 per cent was paid on preference shares on March 31, but there was no participating element. There is again no payment on ordinary shares.

The ultimate holding company is Cosby Hygienic Refillable Hairbrush.

W. Williams foundry orders reasonable

While the UK foundry trade generally was still depressed, the three foundry companies of W. Williams and Sons (Holdings) were fairly buoyant with reasonable order books, Mr. Hiram H. Williams, chairman, said at the annual meeting.

This was the result of the longer-term strategy in the choice of markets adopted some time ago.

The anticipated turnround in one of the loss-making foundries was taking longer than expected, he said. But steps were being taken to achieve the budgeted profits by the year-end.

The group was nearing completion of an extra building to expand the fabricating facilities of the heavy machine shop. This was likely to come on full stream by the year-end and the work forecast for the section was encouraging.

First half increase at Wearra

FOR THE six months to March 31, 1979 Wearra Group, footwear manufacturer and distributor, reports pre-tax profits ahead from £178,000 to £222,000. The directors state that they are hopeful that the first half progress will be maintained. Profit for the last full year was £441,000.

First half profit was struck on turnover of £4.13m (£3.41m) and was after interest of £37,000 (£11,000). Tax for the period took £9,000 (same).

The net interim dividend is stepped up from 0.447p to 0.537p. Last year's final payment was 1.012p.

Dewhurst & Partner rises midway

On turnover just ahead from £1.91m to £2.08m, pre-tax profits of Dewhurst and Partner, electric control equipment manufacturer, advanced from £127,600 to £173,280 for the half year ended April 1, 1979.

After tax of £90,100 against a previous £66,350, earnings are shown as 1.16p (0.85p) per 10p share. The net interim dividend is increased from 0.275p to 0.32p—last year's final was 0.642p paid from record profits of £229,045.

Commercial Bk. of Near East

Results of the Commercial Bank of the Near East for the first six months of 1979 show an improvement compared with those for the same period last year.

And the directors say present indications are that profits for the full year will be at least as good as the previous year, when a £143,000 (£93,000) net profit was reported.

Meyer upsurge in second half

A SECOND half rise from £5.48m to £7.49m lifted taxable profits of Montague L. Meyer, timber merchant, to a record £15.45m for the March 31, 1979 year, against £12.95m.

The directors say the current year has started better than last time, and this improvement should continue. June turnover has been a record, they add.

Turnover for 1978/79 rose from £247m to £277m.

After a low tax charge, £1.97m compared with a previous £5.66m, earnings are stated as being well up at 23.3p (12.7p) per 25p share. Based on a 52 per cent charge they are shown as 12.6p (10.7p).

The dividend is increased to 5.75p (4.67311p) net with a final payment of 3.75p.

The directors say there were better contributions from most UK activities, particularly manufacture.

	1978-79	1977-78
	£000	£000
Turnover	277,000	247,000
Profit	23,827	19,575
Depreciation	3,072	2,619
Interest payable	6,309	4,527
Trading profit	14,446	12,429
Share of associates	1,008	523
Profit before tax	15,454	12,952
Tax	1,965	5,662
Net profit	13,489	7,290
Minority interest	246	312
Attributable	13,243	6,978
Preference dividends	10	10
Ordinary dividends	3,258	2,565

● comment

A look at the rate of interest and tax paid by Montagu L. Meyer indicates a substantial upturn in softwood import and selling prices. The full impact of softwood price inflation has been masked, of course, by sterling's strength against the Swedish kroner (against which imports from the USSR are pegged) and parity considerations have been more marked since the end of the financial year. The rise in interest payments, however, largely reflects the build-up in stock levels after deliveries had been postponed during the January and February transport strike (which probably chopped profits by some £1m pre-tax) and Meyer will be looking to clip year-end gearing of 78 per cent to a more normal 70 per cent. Interest rates are clearly going to make an impact this year on a business which must finance its inventories on short term, variable rate borrowings but the Hallam associate should be breaking even this time after a loss of £455,000 and, more importantly, Meyer and other timber majors will again show the industry's reducing volatility through greater exposure to the consumer in the DIY market. Funding considerations apparently dictate a twice-covered dividend on a CCA basis but the yield of 9.1 per cent at 95p, up 1p yesterday, offers reasonable support which is strengthened by a p/e of 7.2, falling perhaps to 6.1 on prospective profits of £18.3m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Bensfords, Bootham Engineers, Glass Glover, Meldrum Investment Trust, Yule Catto.

Finals—Allied Colloids, Birmingham Mint, Black Arrow, Peter Brotherhood, H.A.T., Heron Motor, Hogg Robinson, Magnet and Southerns, Oil and Associated Investment Trust, Stroud Riley Drummond, Trafford Carpets, Unigate.

FUTURE DATES

Interims—	
Birmid Qualcast	July 18
Bullough	July 26
Howard Machinery	July 23
London and Lomond Invst. Tst.	July 19
Mixconcrete	Aug. 30
Rock Darham	July 23
Finals—	
Belhaven Brewery	Aug. 3
Burt Boulton	July 25
Davy Corp.	July 26
Midland Trust	Aug. 2
Provincial Cities Trust	July 20
Scottish Homes Investment	July 19
Siebe Gormon	July 24
South Crofty	July 26
Steinberg	Aug. 2
Stirling Knitting	July 23
Tomkins (F. H.)	July 19
Wintrust	July 18

Deanson just ahead halfway

The directors of Deanson (Holdings), printer and stationer, report pre-tax profits of £124,000 for the half year ended March 31, 1979, against £115,000.

Despite fears about current economic conditions, they are hopeful profits for the full period will reach the £202,346 for 1977-78.

First half turnover rose from £1.86m to £2.34m and pre-tax figure was subject to tax of £84,000 compared with £59,000.

Last year the company paid a 2.34p net dividend.

As part of the group's current reorganisation programme in the print division, the directors have authorised some £350,000 of capital expenditure on new equipment.

It is hoped this will be in use early next year.

OUTWICH REPAYS

Of its $2.5m loan, Outwich Investment Trust is repaying $1.25m.

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MINING NEWS

ERPM & Durban still struggle

BY KENNETH MARSTON, MINING EDITOR

DESPITE the higher gold prices received in the June quarter, the Rand Mines group's veteran East Rand Proprietary (ERPM) gold mine made an operating loss on the period and was again obliged to call upon State assistance. The other veteran mine, Durban Deep, made a small profit but also remained on the receiving end of State aid.

During the past quarter ERPM received an average gold price of R7,050 per kilogramme, equal to $259 per ounce. Costs edged up to R7,301, or $268 per ounce, in the face of a modest increase in gold production.

ERPM, however, suffered to some extent from an underground fire and the mine expects that its ore milling rate will improve continuously during the current half year. For Durban Deep, the June quarter's gold price averaged R7,082 per kilogramme, or $260 per ounce, while costs amounted to R6,598, or $242.

Both mines are thus on a knife-edge as far as this quarter's earnings are concerned. The current bullion price is over $290 and if the average for the quarter is anywhere approaching this level the two mines should produce a sharp jump in profits. On the other hand, they are not going to make much progress if general expectations of a coming setback in the bullion price are borne out.

Of the other mines in the group, Blyvoor usefully lifted its gold earnings in the June quarter thanks to a higher price of R7,113, or $262, but much of the benefit was lost by a fall in the unpredictable level of uranium income.

Harmony was similarly affected. However, all the mines have done better on balance in the past quarter as the following table of net profits shows.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Blyvoor	11,439	10,813	9,138
Durban Deep	†1,605	†1,521	†2,239
E. Rand Pty.	†1,556	†1,112	†1,253
Harmony	17,783	15,723	16,743

† After receipt of State aid.

MOKTA EXPLOITS BRAZILIAN TALC

Mokta, the French mining group is to spend $1m (£448,650) exploiting talc deposits in the Brazilian state of Minas Gerais, according to an announcement from Paris.

The decision follows the completion of favourable feasibility studies. Mokta, a subsidiary of Imetal, has a number of mining and industrial rights in the region and these have been grouped together into a new company called Mira-Serra.

Pahang search by CRA unit

Conzinc Riotinto Malaysia, a subsidiary of Conzinc Riotinto of Australia is to start drilling this week in the Pahang Tenggara area in Pahang State to test for lead, copper, gold and other minerals, reports Wong Sulong from Kuala Lumpur.

The tests are preliminary surveys and it is expected that six holes of 1,000 feet deep will be drilled over five square miles in the Chini district of Pahang Tenggara.

The tests will cost M$500,000 (£105,000) and should be completed before the monsoon begins in November. If the results prove encouraging, further tests will be conducted next year.

A spokesman of Conzinc Riotinto Malaysia said that although the company had earlier discovered mineralisation, possibly of lead, copper and molybdenum, in the China area. It was still uncertain of what it would find.

The company has an agreement with the Phang Tenggara Development Authority giving it mineral exploration rights over a large area of the 500,000 acre Pahang Tenggara land development scheme.

MINING BRIEFS

ELECTROLYTIC ZINC—

	Four weeks ended June 27	May 30
	(Figs. in tonnes)	
Risdon		
Zinc	15,679	16,457
West Coast Mines		
Ore Milled	54,786	50,815
Lead Concentrate	1,765	1,369
Zinc concentrate	11,751	10,291
Copper concentrate	2,080	1,934
Pyrite concentrate	626	195

KINTA KELLAS TIN—Output of tin-ore for June 29.02 tonnes (May, 29.63 tonnes).

MOUNT ISA MINES—Production for the period June 4 to July 1: Lead ore treated 184,835 tonnes produced 11,650 tonnes crude lead and 15,502 tonnes zinc concentartes; Copper ore treated 323,882 tonnes produced 10,295 tonnes blister copper.

Hampton Trust recovery continues

The midway recovery, when a turnround from a loss of £10,243 to a profit of £8,530 was reported, continued throughout the year to March 31, 1979, at Hampton Trust and the company finished with a pre-tax profit of £52,381, compared with a deficit of £11,094.

Full-year earnings per 5p share are 0.46p (0.12p loss) and again there is no dividend.

	1978-79 £	1977-78 £
Turnover	677,100	347,809
Trading profit	84,545	23,416
Interest payable	32,164	34,510
Profit before tax	52,381	*11,094
Tax	—	—
Extraordinary loss	—	46,850

* Loss.

The balance from trading is after rental income of £115,981 (£83,539), interest receivable £20,043 (£9,945), loss on sale of investments £2,330 (£3,400 profit) and profit on sale of investment properties £30,381 (nil).

The trading profit is after a loss of £9,768 (£13,352) incurred by the housebuilding subsidiary. Only two houses remain to be completed and sold.

At March 31 1979 the company repaid all its outstanding 4 per cent secured loan stock. Since the year end, it has raised approximately £380,000 through a rights issue.

The group's net assets at March 31, amounted to £1,007,106 (£954,725) and have been subsequently increased by the net proceeds of the rights.

Lightning Fasteners

Lightning Fastners, a subsidiary of IMI and a member of the Lightning-Opti zip manufacturing group, intends to modernise and rationalise its manufacturing resources.

The plans include concentration at its factories at Peterlee, Co. Durham and Cleator Moor, Cumbria. There will be a phased run-down over at least 14 years of zip fastener making at Witton, Birmingham.

The group employs 700 people in Birmingham, 180 of whom are in the die-casting and zip fastener components operation. As many as possible of the employees affected will be offered alternative jobs and none will be given notice for several months.

LAURENCE PRUST CLOSING BRANCH IN KUALA LUMPUR

London stockbroker Laurence Prust is to close down its branch office in Kuala Lumpur as from the end of September. Laurence Prust is the only foreign broker established there.

When Laurence Prust set up in Kuala Lumpur in 1974 it was on the understanding that it would eventually transform its operation into a minority holding in a local broking company. A maximum 33 per cent foreign ownership is permitted for broker and dealers but according to the Kuala Lumpur branch manager, Mr. Martin Craven, Laurence Prust had not been able to effect such localisation.

RIGHTS ISSUE SUCCESSES

The rights issue by Geevor Tin Mines has been accepted in respect of some 92.2 per cent of the 495,360 ordinary shares offered.

Holt Lloyd International's rights has been accepted as to over 90 per cent of the offer.

Customer's claim against Baker Perkins

Baker Perkins, the engineering group, reveals in its annual report that a customer has filed a claim for £1.9m arising from the alleged non-performance of equipment leased to it by a subsidiary.

An undisclosed provision has been made for certain costs associated with the claim and counterclaim, and the directors do not expect this provision to be exceeded.

Mr. J. F. M. Braithwaite, the group managing director, said yesterday that the claim was not causing the group any concern.

In his statement to the accounts, which show pre-tax profits improved from £8.9m to £9.36m for the year to March 31, 1979, Mr. I. H. G. Gilbert, chairman, said the performance had been achieved "despite generally depressed conditions which prevailed in most parts of the world. For the third consecutive year a return of over 20 per cent on capital employed has been achieved by the group."

On prospects, he expects the first half to September 30, 1979, to show approximately the same result as last time. "For the year as a whole, and assuming another breakeven result from our European associate, I am looking forward to a further improvement in profit and a continuation of our record of progress."

The annual general meeting will be held at the Dorchester Hotel, W, August 9, at 11.45 am.

Unigate asks for share suspension

Unigate, the food and engineering group asked for its shares to be suspended yesterday ahead of an announcement which is to be made today. At the same time the group will announce its preliminary results for the year ended March 31, 1979.

The suspension price of 82p capitalised the group at £165m.

There was wide speculation in the stock market about the reason for the suspension. A merger, a capital reconstruction, or, possibly, a bid were mentioned but there was no firm view on what Unigate was likely to unveil today.

MOTOR CARS

BIDS AND DEALS

Wellman's U.S. deal is too large, claims Redman

If Wellman Engineering proceeds with its proposed £6m acquisition of the heating division of General Electric Company of the U.S., Redman Heenan's bid for Wellman will automatically lapse.

The halting of that U.S. deal, which Redman thinks Wellman should not be contemplating, is a formal condition of its £7.8m bid for Wellman.

The offer documents, sent to shareholders yesterday, claim that the U.S. deal is too large and Wellman has not said how it will fund it, particularly with liquid resources down by £1.4m to £1.2m.

Wellman, for its part, is rejecting Redman's offer and will shortly be asking shareholders to approve the U.S. acquisition at a special meeting. The date has not yet been announced for that meeting although the annual meeting will be held on August 1. This is only five days ahead of the closing date for Redman's offer.

Redman points out that the U.S. proposal will effectively double the size of Wellman and lead it into a new geographical area with inevitable strains on management. It describes its own cash offer as an alternative to taking that risk.

ELLIS & McHARDY SUSPENDED

Shares of Ellis and McHardy, the Aberdeen-based solid fuel distribution, transport and North Sea oil service company, were suspended yesterday pending a possible take-over offer.

No information was forthcoming about the size or identity of the bid, with Ellis's directors saying only that "they have received an approach which may lead to an offer being made for the whole issued share capital." A further announcement is expected this week.

At the 87p suspension price, the company's market valuation is some £804,000. This compares with stated net assets of £1.23m at the end of 1978, when the company's pre-tax profits advanced by a fifth to £283,000 on a 30 per cent rise in sales to £11.62m.

Major shareholdings in Ellis comprise a 10.52 per cent interest by Aberdeen Trust, a 12.89 per cent stake by Loresho, and one of 8.75 per cent by Scottish Northern Investment Trust.

The company is being advised by Noble Grossart.

W. E. NORTON COMPLETION

The directors of W. E. Norton (Holdings) announce that completion has taken place for the acquisition of the capital of Sidney H. Jackson and Smith (Tools), and Sidney H. Jackson and Smith (1960).

Of the £225,000 cash consideration, £125,000 was paid on completion, the balance to be paid one year later.

Consolidated net assets of the two companies, specialised cutting tool distributors, were £256,465 and net profits for the year ended August 31, 1978, were £82,715.

DARES ESTATES

Some 250,000 ordinary shares in Dares Estates, the Birmingham-based builder and property dealer, have been sold at 24.5p each in a deal worth just over £61,000 by Tringa, a company owned by the trustees of the settlement formed by Mr. P. D. Jackson, chairman of Dares, and Mr. D. C. Sidi, managing director.

ARROW CHEMICALS

The directors of Arrow Chemicals Holdings, formerly Reabrook Investment Trust announce that at an EGM on July 12 the necessary resolutions were passed whereby Reabrook acquired Arrow Chemicals (Group) and that the enlarged group should be known as Arrow Chemicals Holdings. Completion of the acquisition took place on July 13.

Dealings should start on July 17.

BICC TO BUY ELECTRONICS COMPANY

BICC is negotiating to buy a private electronic group, Vero Electronics, which is claimed to be the leading supplier of standard circuit boards in the UK and has U.S., French and German subsidiaries.

Until the negotiations are complete BICC will not disclose details of Vero's profits or assets beyond saying that its sales last year amounted to £11.4m and significant growth is expected this year.

COOLAG BUYS ICI PLANT

Agreement has been reached between Imperial Chemical Industries and Coolag, a subsidiary of Tarmac, for Coolag to acquire the ICI Lamination Plant at Heysham, Lancashire, where rigid polyurethane foam insulation product are manufactured. The value of the assets to be acquired is around £1m.

Since May, 1978, Coolag has distributed and marketed the range of insulation products manufactured by ICI at Heysham under the Purlboard trade name.

GRINDLAY BRANDTS

Grindlay Brandts Insurance Brokers, part of the Grindlays Bank Group, is in discussions with PT I.B.S. Insurance Broking Services of Jakarta to enter into a technical and collaboration agreement which will allow it to extend the range of services which it can offer clients.

PT I.B.S. Insurance Broking Services provides insurance services to domestic and international clients to Indonesia including aviation, marine hull and cargo, contractors all risks and industrial insurances.

SHARE STAKES

Ratners (Jewellers)—Scottish Amicable Life Assurance Society holds 1.25m shares.

Bernard Wardle—Birmingham and Midland Counties Trust now holds 4,712,900 shares (26.234 per cent).

Town Centre Securities—Previously reported sale by L. A. Ziff, chairman, of 29,000 shares should have been 32,500.

Somportex Holdings—Mr. S. Waissel has reduced his shareholding in ordinary shares to 41,000 (5.7 per cent).

Eva Industries — Norwich Union Insurance Group holds 511,702 shares (5.47 per cent).

Silentnight Holdings — Members of the Clarke family, the trustees of the Clarke family settlements, and other directors have, from shares allotted to them under the recent scrip issue, sold 1,670,346 shares. This represents 7.42 per cent of the total capital and the shares were bought by institutional investors. The Clarke family, their trustees and other directors still own 34.8 per cent of the equity.

Midland Industries—Major M. J. Webb, director, has advised the following disposals: Mrs. D. B. Webb, wife, 28,000 shares. Astwood (Finance Services)—of which Major Webb is a director —30,000 shares.

MEPC—C. J. Benson, director, has sold 40,833 shares at 130p.

Racal Electronics—E. T. Harrison, chairman, has sold 40,000 shares.

Clive Discount Holdings—A. N. Burman, director, has sold 25,000 shares.

Alexander Howden Group—Mr. R. C. Comery, Mr. A. J. Page and Mr. M. S. Reynolds report that their interest as trustees in 52,000 shares has ceased due to a sale of these shares on July 2 at 36p. Mr. K. V. Grob, director, bought 52,000 at 36p on that date.

Alginate report next week

The report by the Monopolies and Mergers Commission on the takeover proposals from two U.S. companies for Alginate Industries, the British seaweed processing concern, is expected to be published on July 24.

Alginate, which reported a drop in 1978, pre-tax profits from £2.8m to £1.7m, received a £21m bid from Merck Incorporated, the major U.S. pharmaceutical concern, last December.

This was accepted by shareholders controlling a 98 per cent stake in Alginate, but the offer lapsed this February on being referred to the Monopolies Commission. Merck has said, however, that it will make a new offer if the commission reports favourably on the bid.

The second U.S. group involved, FMC Corporation, made its approach in February. It, too, has said it would make a bid for the British concern, which controls around four-fifths of the UK alginate market, if official clearance were forthcoming.

Brentnall Beard loss at midway

FOLLOWING LOSSES of £526,000 at the end of 1977-78, Brentnall Beard Holdings, insurance broking group, incurred a further deficit of £607,000 for the first half-year ended March 31, 1979 compared with a £233,000 profit in the same period last year.

Loss per 10p share is shown as 5.12p against 1.82p earnings and directors are omitting the interim dividend—last year's payment was a single 0.572p interim.

The year's result includes associated company losses of £231,000 compared with £24,000 profit. The results of associates now include certain operations in Canada which were formerly subsidiaries.

The directors say soft market conditions in Canada continued in the first half year and as a result, losses of associates there were higher than expected. In addition, the level of brokerage earned from this source by the Lloyd's broking subsidiary has been substantially reduced.

The UK domestic company, based in Shrewsbury and the underwriting agency have continued to trade profitably, says the Board.

Further short-term finance has been arranged which is considered to be adequate for the group's immediate needs.

Boulton & Paul

Boulton and Paul, a subsidiary of the British Electric Traction Co., reports profits before tax down from £6.24m to £5.22m in the year ended March 31, 1979. Turnover amounted to £82.87m, against £77.5m.

Tax takes £2.5m, against £2.8m, leaving earnings per share at 7p compared with 9p. The dividend of 3.6p per share absorbs £1.35m.

Crown House on target with best-ever £4.05m

WITH AN advance in taxable profits from £3.23m to a record £4.05m for the year ended March 31, 1979, Crown House has met the forecast of around £4m made last February at the time of the accepted offer for Best and May. The half-time surplus had risen from £1.11m to £1.47m.

The directors say trading conditions in the UK are expected to become increasingly competitive during the current year and this will probably affect all parts of the group's activities.

They hope a significant contribution will be made by contracting activities overseas and, if this is forthcoming, there are reasonable grounds for expecting improved profits.

A divisional breakdown of the year's profits shows (with £000s omitted): electrical and mechanical services £1,116 (£1,775), glassware £1,745 (£1,437), property development and finance £866 (£74 loss), employment services £291 (£155), and hotel management £35 (£65 loss).

This year's profit in the electrical and mechanical services division is stated after providing £600,000 by way of provision for loss now anticipated on a large engineering contract currently in progress in the UK.

This sum is the best present estimate of the loss which will be sustained on completion of the contract later this year, the directors state.

It relates to a P.S.A. contract at Devonport, for a submarine refit complex at the Royal Navy base.

The full year figures exclude results from Best and May, which achieved pre-tax profits of £331,261 on £5.71m sales for the 11 months to end-March, 1979.

Group turnover increased from £93.94m to £107.56m for the year. Tax took £1.36m (£1.78m), which included a £0.89m provision no longer required, for stock appreciation relief applicable to accounting periods prior to March 31, 1975, and no longer available for "claw-back." Full provision has been made for deferred tax including stock appreciation relief.

Including the deferred tax credit, earnings per 25p share are shown as 13.2p (6.4p), and as 8.9p (6.4p) excluding the same. A net final dividend of 2.5p lifts the total by 33 per cent from 3.38p to 4.5p. Ordinary payment absorb £977,000 (£701,000) including £43,643 to former holders of Best and May.

Group net assets expanded during the year from £13.3m to £15.2m. Net cash balances at the year-end were £3.7m against £2.2m. Capital expenditure in the year amounted to £3m, including £1.9m on freehold property, the bulk of which related to the new head office for Crown House Engineering at Redhill and the new warehouse for Dema Glass at Flitwick.

	1978-79	1977-78
	£000	£000
Turnover	107,564	93,942
Profit before tax	4,053	3,228
Taxation	1,362	1,778
Net profit	2,691	1,450
Minority losses	88	†89
Extraord. credits	74	140
Available	2,833	1,501
Preference dividend	26	26
Ordinary dividend	977	701
Retained	1,830	774

* Comprises £2,258,000 (£1,778,000) on profit for year less £891,000 (nil) provision no longer required. † Profits.

● comment

Expectations of further growth from Crown House rest heavily on the rate of electrical and mechanical services order intake overseas. Hopefully the £600,000 provision against losses on the Devonport contract will prove adequate but the division as a whole is working on margins of less than 2 per cent, domestic competition is tightening and the overseas business lost £250,000 on turnover of £7m. The dearth of work in Oman, where fixed costs are high, was mostly responsible for that deficit and it is likely that Crown House will withdraw from that area. For the short time, at least, much will depend on the work taken on recently for the AOI in Egypt where, after a brief flare-up, the four member countries appear to have settled their differences. A £940,000 turnround in property and finance and a first time contribution from hotel management more than made up for these problems to lift overall profits by a quarter. Neither area, however, is seen as an integral part of the business and both are likely to contract rather than expand. Glassware played its part with a 21 per cent improvement and further progress is expected despite falling export margins and some uncertainty over the level of UK consumer spending. A yield of 9.3 per cent at 72p and a p/e of 7.3 take reasonable account of these uncertainties but a degree of caution may be rewarded over the near term.

Loss for Alexanders Discount

AN UNPROFITABLE first six months of 1979 is reported by Alexanders Discount Company, where the recent sharp rise in interest rates has resulted in a depreciation in the value of its assets.

For the whole of 1978, profits slumped from £2.14m to £0.2m, after providing for rebate and tax and making a transfer from contingency reserve.

The net interim dividend is kept at 4.5p per £1 share, costing £220,035 (£218,775)—last year's total was 16.001p.

● comment

Having had a disappointing 1978, Alexanders Discount does not seem to be faring much better in the current year. Its interim statement is very similar to that covering the comparable period of last year and it is fair to assume that the company lost money. In the first quarter of the latest period interest rates were falling and over the whole period gilt edged prices rose. But, the surprise rise in Minimum Lending Rate in the June Budget caught most discount houses out and cost them dearly. At 250p the shares yield 9.0 per cent.

RESULTS AND ACCOUNTS IN BRIEF

COGHLANS—Turnover year to March 31, 1979, £6,161,310. Pre-tax profit £84,480 after interest £103,823. Tax £4,025. Stated earnings per £1 share 52p. Dividend 15p (12.8986p).

B. ELLIOTT AND CO. (machine tool group)—Results for year to March 31, 1979, with rights issue and prospects, reported June 28. Group fixed assets £11.53m (£9.58m), net current assets £17.62m (£14.98m). Net liquid funds increased by £1.28m (£0.5m decrease). Property revaluation during year showed £1.4m surplus over book value. Meeting, Savoy WC, September 12 at 12.15 pm.

MOUNTVIEW ESTATES (property dealing)—Results for year ended March 31, 1979, reported June 7. Fixed assets £11,486 (£6,486), current assets £4.69m (£3.72m). Current liabilities £1.07m (£598,166). Chairman hopeful of increase in profits in current year. Meeting, Russell Hotel, W.C., August 8 at noon.

CHUBB AND SON (security systems group)—Results for year to March 31, 1979, and prospects, reported June 28. Property £16.59 (£16.65m), plant £13.47m (£12.27m), assets on rental £11.03m (£9.98m). Current assets £118.9m (£104.56m). Current liabilities £60.57m (£56.04m). Working capital increased by £7.56m (£11.94m). Bank borrowings decreased by £0.16m (£3.36m increase). Cash and deposits increased by £1.64m (£0.69m decrease). Meeting, Abercorn Rooms, EC, August 8, at noon.

NORTH AMERICAN NEWS

Gelco acquires Reliance container unit for $250m

BY JOHN WYLES IN NEW YORK

CTI INTERNATIONAL, the world's largest leasor of marine containers, is to be sold by the Reliance Group to the fast-growing Gelco Corporation of Minneapolis for $250m.

The tentative agreement announced by the two companies yesterday came as something of a surprise, since Reliance had not previously indicated that CTI was for sale. Gelco's takeover ambitions, however, emerged in May when it failed to acquire 49 per cent of another container leasing company, Interway Corporation, for around $81m.

The provisional agreement provides for Gelco to pay $140m in cash and another $110m in non-convertible preferred stock, which Gelco must redeem within four years. The acquisition of CTI will push the value of Gelco's assets well over the $1bn mark, but it may also raise some concern about the company's debt burden. At the end of April, the company's total liabilities amounted to $955.39m against shareholders' equity of $107.13m.

Gelco, which specialises in vehicle leasing and transport management, has achieved 100 per cent average annual growth in revenues and 65 per cent growth in earnings in the last five years. During the nine months ended April 30, the company's revenues were $316.8m compared with $233.3m, and net earnings were $16.75m compared with $12.96m.

CTI's growth in recent years has also been rapid, and the company has more than doubled its container fleet to 225,000 units in just over two years. Its revenues rose 47 per cent last year to $111m, and pre-tax operating earnings were up 28 per cent to $36.8m.

CTI's revenues were, however, only a small proportion of the Reliance Group's which turned in $1.23bn in 1978 and earnings of $91m. Reliance has minority interests in several financial services companies, but its principal operations are in insurance.

Strong second quarter at CPC

BY TERRY OGG

SECOND QUARTER net profits earned by CPC International, the large corn refiner, industrial foods and consumer products group, jumped 19.4 per cent to $41.4m.

Net earnings per share were $1.74, well ahead of analysts' estimates of between $1.63 and $1.65. While the looming downturn in U.S. economic activity could hit figures for the third and fourth quarter, New York analysts are confident their full year predictions of earnings per share around 7.05 will be fulfilled.

Sales in the three months to June 30 were up from $799.3m to $901.1m and took the total for hte first half year to $1.76bn compared with $1.54bn, last time.

According to analysts, sales and earnings from branded grocery products have been making good progress both in the U.S. and in CPC's important foreign markets. But the big boost to the figures appears to have come from improvement in the U.S. corn wet milling operations. In recent years this activity has been under pressure from low priced sucrose and from overcapacity within the U.S. corn wet milling industry.

ITT allays executives' fears

BY OUR NEW YORK STAFF

INTERNATIONAL Telephone and Telegraph was yesterday seeking to assure its senior executives in Europe that a trip to Germany by the company's chairman, Mr. Harold Geneen, was not the prelude to a major management shake-up among European subsidiaries.

Anxieties were apparently sparked by the resignation last Friday of Mr. Gerhard Andlinger after just four months as president of ITT Europe. Mr. Andlinger, aged 48, was a close associate of Mr. Lyman Hamilton Jnr., who appointed him, and who was himself ousted as chief executive at a Board meeting last Wednesday.

Mr. Geneen apparently played a central role in Mr. Hamilton's sacking, and when his Concorde flight to Europe on Thursday was followed within 24 hours by Mr. Andlinger's resignation, a tremor of anxiety shook senior echelons of ITT management.

However, the company stressed yesterday that Mr. Geneen was making a private visit to Germany

Mr. Andlinger had worked in senior executive posts at ITT between 1960 and 1967, and again between 1972 and 1976. He rejoined the company late last year as an executive vice-president and was appointed four months ago to head the subsidiary whose operating companies last year had sales of $8.7bn.

Mr. John Guilfoyle, aged 58, who will succeed Mr. Andlinger, was previously ITT's vice-president in charge of operations in Africa and the Middle East.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July

[illegible]

Sharp rise in profits at Chase Manhattan

By David Lascelles in New York

NEW YORK'S second largest bank, Chase Manhattan Bank, sharply increased the pace of its recent financial improvement by registering a 70 per cent increase in earnings in the second quarter.

Net income before securities transactions was $80.3m or $2.34 a share against $47.1m or $1.31 a share in the same period last year.

Assets in the first half of this year averaged $58bn against $52.8bn last year. There was a slight reduction in the volume of non-performing loans and in provisions for loan losses.

Chase attributed the rise primarily to higher net interest income, both domestically and overseas, resulting from increased loan volume and a higher level of interest rates.

Meanwhile, BankAmerica Corporation, holding company for Bank of America, the world's largest commercial bank, announced an increase in operating net profit from $220.8m to $279.1m in the first half of the year. Earnings per share, after securities transactions, moved up from $1.51 to $1.91.

Bank of New York reported an operating income of $10.8m before securities transactions for the second quarter, against $9.2m last time. Per share earnings increased from $1.53 to $1.77.

$44m bid for Congoleum

MILWAUKEE — Congoleum Corporation, the flooring and shipbuilding group, said that it has been notified that a new company plans an offer worth $44.5m to acquire all its shares at $38 a share.

Congoleum said the information was contained in a letter from First Boston Corporation, the banking group, which said that it and Century Capital Associates were acting on behalf of the unnamed suitor.

Mr. Byron C. Radaker, the chairman of Congoleum said that the proposal appears favourable to the company's stockholders and "warrants further investigation and full consideration."

Mr. Radaker said that he plans to meet with the First Boston group, and Congoleum's board will consider the proposal "at an appropriate time."

Congoleum said the letter from First Boston noted completion of the transaction would be subject to financing arrangements, filings with appropriate regulatory authorities, and approval by Congoleum stockholders.

According to Congoleum, it also said that the company seeking to acquire the stock would offer equity participation and executive positions to certain members of Congoleum's management group.

Reuter

Banks discuss merger deal

NEW YORK — First National Bank of New Jersey is in separate preliminary negotiations toward the purchase of two Middlesex County NJ Banks.

Negotiations leading to definitive agreements are under way with The Commonwealth Bank of Metuchen and The South Amboy Trust Company of South Amboy.

Mr. C. Gordon Jelliffe, chairman of First National Bank, said that cash transactions are proposed in which First National would purchase the assets and assume the liabilities of both banks.

Under the expected terms of the separate agreements, The Commonwealth Bank's two offices in Metuchen and The South Amboy Trust Company's single office in South Amboy would be operated under First National Bank of New Jersey.

Commonwealth of Metuchen had deposits of $36.9m at June 30.

AP-DJ

Dome heads syndicate in Canadian oil and gas deal

BY ROBERT GIBBENS IN MONTREAL

DOME PETROLEUM, one of Canada's fastest-growing oil and gas groups, is leading a group buying the Canadian oil and gas properties, plus facilities and equipment, of Mesa Petroleum of the U.S. for C$200m in cash and notes plus an interest bearing term royalty on the producing properties which would have an ultimate value of C$140m.

Under the deal, the American company, based in Amarillo, Texas, would retain a 12.5 per cent growth overriding royalty interest in the undeveloped properties, covering 1.2m acres in Western Canada. The deal is due to be signed by October 1.

Dome Petroleum is the company leading exploration in the deeper waters of the Beaufort Sea and in the Canadian Western Arctic, and now has nearly 49 per cent control of TransCanada Pipelines, plus major interests in Western petrochemicals.

The company also holds major exploration rights in the Arctic Islands area and off the east coast.

In Calgary, Dome Petroleum said that "certain Canadian participants" would contribute at least one-half of the total cost of the transaction, but would not immediately disclose the identity of the other firms.

Last month, another big American oil company, Hamilton Brothers, sold most of its Canadian producing interests to a private Vancouver company. The deal put a potential value on the production from these lands of more than US$500m.

United Technologies well ahead

BY OUR FINANCIAL STAFF

Mr. Harry J. Gray, chairman and president of United Technologies, yesterday reported a 37 per cent rise in net earnings for the first half year, and said that the company is moving into a challenging third quarter, but that management looks forward to another good year.

Sales for the six months showed a gain of 19 per cent to $3.58bn, and earnings have risen from $109.5m to $150.3m, or from $2.75 a share to $3.28.

In the second quarter, earnings of $79.4m or $1.74 compared with $56.6m or $1.36 last time. Sales increased from $1.55bn to $1.80bn.

At the end of June, the order backlog stood at a record $9.8bn against $7.1bn a year ago. Neither sales nor backlog take any account of Carrier Corporation, which was not consolidated at that time. The share of Carrier's earnings was taken in under the equity method.

Mr. Gray said that the business mix remains sound. Commercial and industrial sales of $2.6m made up 72 per cent of the group total. Government sales gained 20 per cent to $994m. In fact all three of the group's main business sectors achieved increased sales.

The company's financial position is strong, he said, but strikes at key suppliers, growing shortages and record production schedules will demand "maximum attention and flexibility from our people" in the third quarter.

Sears' orders boost Roper

KANKAKEE — Roper Corporation, in a turnaround from the first nine months of fiscal 1979, expects sales and earnings for the fourth quarter ending July 31 to increase from the comparable period, Mr. C. M. Hoover, the chairman and chief executive disclosed.

He said that Roper, a kitchen appliance and outdoor power equipment manufacturer, expects to post a sales increase of at least 10 per cent in the current fourth quarter. Earnings should also increase, he said, but "will not keep step with sales." In the previous fourth quarter, Roper had net income of $3.4m or 62 cents a share restated, on sales of $97.5m.

The fourth quarter gains will not be enough to offset the declines of the first nine months, when earnings dropped 43 per cent to $6.2m or $1.14 a share on a 10.9 per cent sales decrease to $298.9m. As a result, sales for the fiscal year will be "slightly under" fiscal 1978 sales of $433m and earnings will decline by a larger percentage from last year's net of $14.4m or $2.68 a share.

The main reason for the fourth quarter improvement is that orders from Sears Roebuck, Roper's major customer, have picked up, Mr. Hoover said. In fiscal 1978, Sears accounted for 74 per cent of Roper's sales. Many Sears suppliers have had lower sales and earnings since last fall, as the retailer cut back on promotional activity as part of a plan to improve its profit margins.

Eventually, Roper would like to have a more balanced sales mix by increasing its non-Sears business, though not at the expense of its Sears business.

"Our goal is a 50-50 mix" said Mr. Hoover but added that there is no timetable.

The company should not be affected adversely by a recession this autumn. "We had our recession this year, so next year looks pretty good for us." Sales for the first quarter of fiscal 1980 should improve from the year-ago period's $81m he said, but declined to make an earnings prediction for the quarter.

Roper's capital spending in fiscal 1980 will be about the same as the $8m to $9m in expenditures during the current fiscal year.

AP-DJ

Copperweld confident on outlook

PITTSBURGH — Copperweld Corporation's earnings for the second quarter ended June 30 "probably will be somewhat below" the profits the company would have earned in the same period last year if it had not taken a write-down for partially closing a facility, announced Mr. Anthony J. A. Bryan, chairman and president.

Nevertheless, first-half results will be "substantially better" than last year and the company is in "a rather good position" to weather the recession

Mr. Bryan did not forecast specific figures for the second quarter or first half, but he said truck-strike-related disruptions in shipments from Copperweld's steel facilities in Warren, Ohio, and its Ohio steel tube subsidiary in Shelby, Ohio, will hold second quarter profits lower than the $7.2m or $1.29 a share the company would have earned if it had not taken a $9.4m write-down for the partial closing of its Glassport, PA, facility.

The write-down resulted in a 1978 second quarter net loss of $2.1m. Second quarter sales, however, will be up from last year's $113.3m, according to Mr. Donald P. Deluca, vice-president and treasurer.

Despite the poor second-quarter profit performance, Mr. Bryan said profits for the six months ended June 30 were "substantially better" than the $10.7m or $1.90 a share the company would have earned in the first half of 1978 without the Glassport write-down. In the first quarter of 1979, Copperweld earned $7.2m or $1.25 a share on sales of $128.1m.

The improved results for the first six months of 1979 reflect a better nationwide economy in the first quarter of 1979, increased operating efficiencies in Copperweld's plants and a "substantially improved" marketing effort.

The company has improved the balance between its orders and inventories to reduce inventory costs, particularly the costs of scrap steel, a key raw material. Also Copperweld is running its plants more efficiently and expects to realise further efficiencies from the recent reorganisation of its bimetallics division and from the redesigning of its Fayetteville, Tennessee, plant.

AP-DJ

Westinghouse hit by nationwide strike

BY OUR NEW YORK STAFF

WESTINGHOUSE Electric Corporation, the leading U.S. capital goods producer, was hit yesterday by its first national strike for 23 years following the collapse of pay talks

Westinghouse was hoping that its negotiations would again follow the pattern set by General Electric Company, which reached agreement on a new three-year contract covering 87,000 hourly paid workers on July 1. However, the company's attempt to introduce a contributory pension scheme similar to one which has operated at GE for several years prompted three of the four unions involved in the talks to call a strike from midnight on Sunday.

Up to 100 of the company's manufacturing plants will be affected by the stoppage involving 39,000 workers. Since its production is almost overwhelmingly capital goods, such as turbines and other industrial and electronic equipment, which is less subject to tight delivery schedules, Westinghouse may be bracing itself for a lengthy stoppage.

The three unions which have called a strike have adamantly refused to accept any switch from a non-contributory to a contributory pension scheme. The company was pressing for acceptance of a plan in which workers would pay 3 per cent of their earnings above $13,400 a year, as compared with $9,000 at General Electric. The company argues that without contributions, its pension payments will fall behind benefits at General Electric.

Some union leaders have claimed that Westinghouse's is a poorly funded pension plan "that they want to fix with our workers' money."

Pensions apart, Westinghouse was proposing to apply the General Electric agreement, which featured an important improvement in cost of living payments. The Council on Wage and Price Stability, the guardian of the Administration's pay restraint guidelines, has not yet pronounced on the validity of the agreement.

Detailed analysis of the GE deal suggests that a modest improvement in hourly rates will help win the Administration's approval. The main emphasis of the deal was on improving cost of living protection, and by applying its increasingly optimistic assumption of a 6 per cent inflation rate over three years, the Government could find the deal in compliance with the guideline's limit of 22.5 per cent increase in pay and conditions over three years.

However, the unions at GE have priced the deal at close to 30 per cent by assuming average inflation of around 10 per cent. In the event, the agreement is likely to cost GE somewhere between the union's estimate and the guideline limit, depending on whose prediction of inflation developments is the most accurate.

EUROBONDS

Polish bank seeks $30m FRN

By Francis Ghilès

BANK HANDLOWY is arranging a $30m 10-year floating rate note through a group of banks led by Banque Nationale de Paris. Terms for this note, which can be redeemed at the note-holder's option at the end of the fifth year, include an interest rate of 1¼ per cent over the six-month Libor rate with a minimum coupon of 7¼ per cent.

This is the fourth dollar-denominated FRN issue arranged for Bank Handlowy by BNP. The terms paid by the borrower underline the fact that Polish borrowers have to pay far more for the money they raise in the international financial markets than most countries.

This is the first time a Polish borrower has arranged a public financing in the international capital markets since March, when a $550m loan for Poland was signed with a group of banks led by Bank of America. That loan is understood to have been drawn down in two tranches during the month of April in both instances in Swiss francs.

When a first tranche of $300m was drawn down, the six-month base rate on Euro-Swiss francs was 1¼ per cent; when the second tranche was drawn down, the base rate had risen to 2¼ per cent.

Elsewhere in the dollar sector of the bond market, activity was at a very low ebb; one senior dealer commented that "Carter's speech was a non-event and the market reacted accordingly."

Manufacturers Hanover Ltd. is expected to announce a $35m seven-year FRN issue for the largest private bank in Chile, Banco de Chile. This is the first Eurobond issue for this borrower. The borrower is expected to pay an interest rate of ¾ per cent over the six-month Libor rate with a minimum coupon of 8¾ per cent.

In the sterling sector, most bonds posted gains of between ½-¾ a point with steady buying interest.

Prices of Deutsche-Mark-denominated bonds, both in the domestic and foreign sector of the market, were firmer yesterday. Most of the buying interest stemmed from abroad—not least from Central Banks—and focused on the domestic side of the market.

In the foreign sector, a DM 50m bond is understood to have been arranged for the Dutch company, Estel, by Deutsche Bank. Terms of this seven-year issue include a coupon of 7¼ per cent with pricing at par.

The DM 80m eight-year bullet issue for Parker Hannifin was priced at 99 by the lead manager Deutsche Bank with the indicated coupon of 7½ per cent unchanged.

There were strong rumours yesterday that the European Investment Bank was trying to arrange a DM 150-200m private placement. Technically, the German capital markets sub-committee, which agrees on the calendar of new Deutsche-Mark issues every month, ned not be consulted before an issue for a supranational borrower is announced.

U.S. QUARTERLIES

ALLEGHENY AIRLINES

Second quarter	1979 $	1978 $
Revenue	186.3m	149.4m
Net profits	18.43m	21.22m
Net per share	1.23	2.13
Six months		
Revenue	327.7m	267.4m
Net profits	11.57m	14.16m
Net per share	0.81	1.48

FIRST CHICAGO CORPORATION

Second quarter	1979 $	1978 $
Net profits	30.47m	33.32m
Net per share	0.77	0.84
Six months		
Net profits	63.74m	64.71m
Net per share	1.61	1.63

FIRST CITY BANCORP

Second quarter	1979 $	1978 $
Net profits	15.42m	12.48m
Net per share	1.33	1.1
Six months		
Net profits	30.29m	25.06m
Net per share	2.63	2.22

FLORIDA POWER

Second quarter	1979 $	1978 $
Revenue	178.4m	175.7m
Net profits	†11.45m	12.31m
Net per share	†0.33	0.62
Six months		
Revenue	752.0m	692.3m
Net profits	63.05m	77.99m
Net per share	3.45	4.60

† Loss

GREAT NORTHERN NEKOOSA

Second quarter	1979 $	1978 $
Revenue	291.5m	258.1m
Net profits	26.0m	20.7m
Net per share	1.57	1.31
Six months		
Revenue	559.8m	481.5m
Net profits	45.9m	34.6m
Net per share	2.88	2.20

HILTON HOTELS

Second quarter	1979 $	1978 $
Revenue	132.4m	118.9m
Net profits	23.22m	19.37m
Net per share	0.88	0.75
Six months		
Revenue	259.7m	219.4m
Net profits	42.82m	32.04m
Net per share	1.63	1.25

E. F. HUTTON

Second quarter	1979 $	1978 $
Revenue	177.75m	139.7m
Net profits	9.88m	11.35m
Net per share	1.45	1.64
Six months		
Revenue	310.56m	235.48m
Net profits	14.69m	13.45m
Net per share	2.21	1.95

HUYCK CORPORATION

Second quarter	1979 $	1978 $
Revenue	36.23m	31.00m
Net profits	2.86m	2.17m
Net per share	0.47	0.38
Six months		
Revenue	66.0m	55.44m
Net profits	3.97m	3.17m
Net per share	0.70	0.56

HOWARD JOHNSON

Second quarter	1979 $	1978 $
Revenue	150.3m	141.7m
Net profits	9.92m	9.49m
Net per share	0.45	0.43
Six months		
Revenue	283.1m	262.4m
Net profits	16.85m	14.75m
Net per share	0.76	0.67

LENNOX

Second quarter	1979 $	1978 $
Revenue	41.5m	38.0m
Net profits	2.98m	2.65m
Net per share	0.74	0.67
Six months		
Revenue	80.1m	73.0m
Net profits	4.48m	4.03m
Net per share	1.13	1.02

NORTH AMERICAN PHILIPS

Second quarter	1979 $	1978 $
Revenue	617.8m	579.5m
Net profits	23.84m	17.58m
Net per share	1.75	1.31
Six months		
Revenue	1.2bn	1.1bn
Net profits	38.64m	28.45m
Net per share	2.86	2.12

PAINE WEBBER

Third quarter	1979 $	1978 $
Revenue	134.8m	110.5m
Net profits	4.67m	5.18m
Net per share	0.77	0.89
Nine months		
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

هكذامن الأجل

POTLATCH

Second quarter	1979 $	1978 $
Revenue	209.7m	210.4m
Net profits	24.3m	19.8m
Net per share	1.60	1.31
Six months		
Revenue	408.8m	401.7m
Net profits	43.2m	35.4m
Net per share	2.85	2.34

PUBLIC SERVICE ELECTRIC & GAS

Second quarter	1979 $	1978 $
Revenue	577.8m	485.2m
Net profits	49.31m	46.05m
Net per share	0.58	0.57
Six months		
Revenue	1.186bn	1.08bn
Net profits	117.37m	102.11m
Net per share	1.48	1.31

RUBBERMAID

Second quarter	1979 $	1978 $
Revenue	73.6m	64.4m
Net profits	5.73m	5.06m
Net per share	0.74	0.65
Six months		
Revenue	145.8m	123.5m
Net profits	11.38m	8.90m
Net per share	1.48	1.15

SIGNAL COMPANIES

Second quarter	1979 $	1978 $
Revenue	1.1bn	939.1m
Net profits	61.3m	45.2m
Net per share	1.60	1.17
Six months		
Revenue	2.1bn	1.8bn
Net profits	109.7m	76.1m
Net per share	2.84	1.97

TRANE COMPANY

Second quarter	1979 $	1978 $
Revenue	168.2m	149.2m
Net profits	8.95m	8.23m
Net per share	0.87	0.7[illegible]
Six months		
Revenue	323.6m	272.3m
Net profits	16.42m	13.86m
Net per share	1.56	1.3[illegible]

TYLER CORPORATION

Second quarter	1979 $	1978 $
Revenue	143.6m	108.7m
Net profits	8.05m	7.87m
Net per share	0.80	0.7[illegible]
Six months		
Revenue	233.0m	181.7m
Net profits	10.64m	10.2m
Net per share	1.05	0.9[illegible]

WHEELING-PITTSBURGH STEEL

Second quarter	1979 $	1978 $
Revenue	306.0m	292.0m
Net profits	18.01m	8.68m
Net per share	4.80	2.11
Six months		
Revenue	619.4m	554.1m
Net profits	28.17m	15.45m
Net per share	7.09	12.5[illegible]

† Loss

YELLOW FREIGHT SYSTEM

Second quarter	1979 $	1978 $
Revenue	[illegible]	[illegible]
Net profits	3.72m	10.3[illegible]
Net per share	0.26	0.7[illegible]
Six months		
Revenue	[illegible]	377.8m
Net profits	8.63m	17.1[illegible]
Net per share	0.67	1.2[illegible]

INTERNATIONAL BANKING

Gamekeeper becomes poacher

There is a new brand of banking which involves banks telling countries how to borrow from other banks. It is perhaps the ultimate expression of the fee-earning activity which international banks have developed as an alternative to the competitive business of accepting money and relending it. NICHOLAS COLCHESTER explains.

ADVICE HAS long been offered to complement finance by British merchant banks, by U.S. commercial banks, or by German universal banks, each proud to present the full catalogue of services at its disposal. But it is only recently that a select group of investment and merchant banks have stressed to some potential clients, all of them governments, that they have no interest in financing them at all. Instead they offer "wholly objective" advice as to how these clients should borrow, invest, and arrange their financial affairs.

The best-known example of this sort of financial consultancy can be found with the aid of a magnifying glass at the bottom of recent tombstones for a $100m Eurodollar loan to the Republic of Gabon. A footnote reveals that the "financial advisers to the borrower" were Kuhn Loeb Lehman Brothers International in New York, Maison Lazard et Cie in Paris and S. G. Warburg and Co. in London.

These three banks are known to other bankers as the "triad." They came together four years ago when the Indonesian Government was facing the disastrous over-indulgence of Pertamina, the state-owned oil company. The Government needed advice as to how it could finance the short-term debt incurred by Pertamina. Each of the three banks offered their services and the Government finally invited them to join forces.

The combine which evolved discovered that it offered a service which was attractive to other developing countries. It was better insulated than a single merchant/investment bank against the charge that its advice was tinged with self-interest. Its triple nationality was proof against suspicion of nationalism. And agreement between three august banks on financial strategy appeared a quite impressive consensus. The triad has since extended its list of publicly-known clients to include Sri Lanka, Ghana, Peru, Gabon and Turkey.

The basic rule of the triad is that none of its members can do business with any client country except via the triad. Whichever bank is taking the lead in the triad's relationship with a particular client—because of long experience with the country or the problem involved—the fees are always split three ways. The other basic principle is that the triad stays firmly on the borrower's side of the table in any negotiation over financing.

Arranging finance is probably the core of the triad's business in that its clients tend to be countries which need money and advice. But it also advises on contract negotiation, on steps to promote foreign direct investment, on project finance, and on the organisation of domestic monetary systems. The triad also offers advice on currency reserve investment—although here the principle of "all for one and one for all" appears to be interpreted more flexibly.

There are other examples of this move to the borrowers side of the table. Indeed a great number of banks will claim that they keep their feet firmly astride the table and that any distinction involves drawing a line through a very grey area. But sticking to the purist definition: Dillon Read, another U.S. investment bank, has had a non-lending, advisory relationship with Sonatrach, the Algerian oil group, but now says that Sonatrach looks after itself.

Dillon Read continues to do such business with other third world countries but declines to identify them because it regards the matter as politically sensitive.

First Boston of New York adopts the purely advisory approach in its heavyweight involvement in the project finance business. It lays particular stress on the way it will devise the "financial engineering" for a project as an independent agent, not involved as a lender, but "negotiating the most competitive terms obtainable for the borrower from whatever source is most appropriate."

First Boston's European arm was also involved as financial consultant in a case which showed up the uncomfortable aspect of such fee earning. It was asked to help negotiate last year's $1bn "jumbo" loan for Nigeria—a loan which proved extremely difficult to put together.

First Boston was deeply involved in the negotiations but without the absolute authority needed to conduct them for the Nigerians. When the financing began to prove difficult to arrange, First Boston found itself by-passed, with the managers of the banking syndicate talking directly to Nigeria.

The moral of the tale was that it was more satisfactory for an investment bank to get itself adopted as a broad-based financial consultant and to play a background role in loan negotiations, than to be appointed front-man for a particular financing. Lending bankers note that the executives from the triad are discreet in the way they present themselves at the elbows of the borrowers.

This is not to say that there is no animosity among the commercial banks against such advisers. Most would prefer to deal with the borrower alone. Most suspect that the borrowers are paying the triad too much, and make the case against such payments.

But on the other hand bankers also concede that it is useful to have financiers "on the other side of the fence" helping the borrwing country do the groundwork for the loan. One U.S. banker also explains that it is easier to drive a hard bargain with someone who understands your reasons for doing so than with a customer which is suspicious of your motives.

The arrival of investment/merchant banks in the prosperous role of pure consultant is a logical extension of a trend which has existed for some time. In the early days of loan syndication—the early 'seventies—it was investment banks which often managed the lending syndicates. This function was then usurped by banks with the underlying financial fire-power.

Although the borrower's market has made it easier for small banks to retain a share of the lending business, the underlying pressure continues to steer these banks towards consultancy and away from the provision of finance. This adds a new element of competition to the already highly competitive market for international loans.

Italian telephone deal

By Max Wilkinson

TELETTRA, Fiat's Italian telecommunications subsidiary, has signed a detailed co-operation deal with SIT-Siemens, the state-owned telephone equipment manufacturer.

The deal is one of a complex series of moves which have been proposed for the re-organisation of the Italian telecommunications industry.

SIT-Siemens, with about half the domestic market for switching equipment, is at present developing a new computer controlled system of exchanges. It is thought that Telettra, an electronics based company, could contribute to this development work.

Telettra and SIT-Siemens have now both told the Italian Government that they have reached formal agreement under three basic headings. These are understood to be:

- Joint production of telephone switching equipment;
- A joint approach to the marketing of telecommunications equipment outside Italy.
- Co-operation in research and development, including electronic switching equipment.

The deal still leaves open the question of how the telephone switching equipment industry in Italy may be further reorganised to reduce the number of suppliers from the present four to perhaps two or three.

The companies in the market are L. M. Ericsson Sweden, ITT, General Telephone Electronics and SIT-Siemens. Telettra has mainly supplied transmission equipment. GTE has been talking informally to both Telettra and to SIT-Siemens about possible co-operation, but so far nothing appears to have resulted from the talks.

New chief for PUK unit

Mr. Charles Yaker, president of the Howmet Turbine Components Corporation, a subsidiary of Pechiney Ugine Kuhlmann Corporation, will assume the additional post of chief executive officer, writes AP-DJ from Connecticut. He will succeed Mr. Theodore Operhall, who will retire but continue as chairman and consultant. Pechiney Ugine Kuhlmann is the North American holding company for Pechiney Ugine Kuhlmann of France, the metals, chemicals and nuclear fuels company.

Triumph Werke sharply ahead

BY OUR FINANCIAL STAFF

SHARPLY HIGHER profits for 1978 and a forecast of another positive result in the current year were announced yesterday by Triumph Werke of West Germany, the parent company for the Triumph-Adler office equipment group.

Last year Triumph Werke managed to lift net profits by a sixth to DM 14.24m ($782m). The outlook for 1979 is being influenced by an upturn in domestic demand with the company noting an improvement in orders for office equipment and electronic products.

This was explained yesterday by managing Board chairman Herr Gerd Weers who pointed out that the continued improvement in his company's fortunes was also, in part, a reflection of its new parentage following the deal between Litton Industries of the U.S. and German car maker, Volkswagen.

VW is in the process of purchasing a majority interest in the Triumph group from the American company and plans subsequently to pump in fresh capital along with other shareholders. VW is to subscribe to an additional DM 19.3bn Triumph nominal capital.

Herr Weers stressed the importance of the links with VW. "The planned takeover combined with an injection of new capital provides us with the means of implementing an all-encompassing and necessary investment programme," he declared.

Herr Weers warned that the group's earnings could be affected by rising raw materials prices at a time when the consumer market for office equipment was highly price-competitive. However, the reception of the group's products at the recent international Hanover trade fair had been a positive sign for 1979.

Tomorrow's annual meeting will vote on the proposal to raise capital to DM 80.5m from DM34.5m. After the capital increase and the purchase of new shares, VW will hold around 55 per cent of the outstanding shares.

At some time Diehl GmbH will have nearly doubled its share of Triumph Werke to 25 per cent, while Litton Industries will hold 19 per cent.

CIT-Alcatel plans expansion in U.S.

BY DAVID WHITE IN PARIS

THE FRENCH telecommunications company CIT-Alcatel plans to compete in the U.S. market for digital telephone exchanges with a new model designed and made by a subsidiary in Reston, Virginia.

The French concern has given itself two years to bring to the market a switching system adapted to U.S. requirements and dealing with fewer than 10,000 lines.

The move follows the announcement of similar ventures by Siemens of West Germany and Nippon Electric of Japan to make small digital exchanges for the U.S.

CIT-Alcatel, which belongs to the CGE Electrical Group, at first studied possibilities for buying up U.S. interests in the field but decided instead to start from scratch by setting up a wholly-owned subsidiary, Telecommunication Switching Systems.

The company said that its U.S. operation would be given a free hand in planning and marketing the system, which would be a different concept from the larger exchanges made by the parent company in France.

CIT-Alcatel is also looking to other markets such as Canada and Venezuela which conform to the U.S. pattern. It did not disclose how much it planned to invest in the U.S. operation.

● Societe Generale, one of France's three nationalised banks, is raising FFr 500m on the Paris capital market by a bond issue. The 12-year bonds, which will be reserved for subscription by the bank's clients, will bear annual interest at a rate of 11 per cent, offering a gross yield of 11.8 per cent at offer date.

French term money market rates rose sharply yesterday after the rises announced on Thursday in the Bank of France's money market intervention rates. This is the first time that term rates have been fully quoted since the ¾ of a percentage point increases in Treasury Bill discount rates.

Dutch bank to go ahead with American purchase

BY MICHAEL VAN OS

MAJOR DUTCH bank Algemene Bank Nederland has been given permission by the U.S. authorities to acquire the capital of the Lasalle National Bank of Chicago.

The acquisition, which involves an expenditure of $82m means an "important expansion" of ABN's activities in the U.S. The Dutch bank already has offices in New York, Chicago, Los Angeles, San Francisco, Houston, Atlanta and Pittsburg.

Lasalle, founded in 1927, has about 700 employees and has built up a strong position in the retail market. Balance sheet total amounted to $947m at the end of last year. ABN will acquire 84 per cent of the issued capital of $43.67m from GATX Corporation, a Chicago-based freighting and financial stores group, and 14 per cent from five other shareholders.

At the same time, ABN will be making a public bid for the remaining 2 per cent of the capital on the same conditions: $118.20 per share.

ABN has the most extensive network of foreign branches of any Dutch bank with more than 200 operating in some 40 countries. At the end of last year something like 30 per cent of assets were outside Holland with nearly 40 per cent of 1978 earnings arising from non-domestic operations.

Policy switch for Italian builder

MILAN — Beni Immobili Italiana (BII), a real estate and construction company, has formally changed its corporate charter to permit it to diversify into other sectors. The switch follows the recent purchase of a 56 per cent interest in BII by unidentified parties represented by Istituto Finanziario Nazionale, a Genoa-based financial company. The company is linked to the Bonomi family holdings, Chairman Anna Bonomi Bolchini announced that the company would pay a dividend in 1979 for the first time in five years and would implement a long-delayed operation to issue new shares to raise capital to L22.2bn from L16.0bn. Agencies.

Nigeria extends international borrowings

BY JOHN EVANS

NIGERIA, WHICH looks likely to return to a balance of payments surplus this year, is nonetheless extending its borrowing in the international credit markets, according to Euromarket bankers.

The country's last loan, a $750m facility, was completed late last year. However, this credit was surrounded by difficulties, chiefly because of the growing economic problems Nigeria encountered after its economic development plans outstripped its oil-export revenues.

The current series of transactions are much less ambitious in size, and are generally being confined to the financing of specific development projects in the country.

Among the latest loans, Amex Bank is assembling a banking group to advance $130m which will be devoted to the Chad irrigation project. The eight-year credit carries a spread of 1 per cent.

According to an analysis by the Chase Manhattan Bank economics group, Nigeria stands to earn up to 77 per cent more in oil export receipts this year, as a result of the OPEC pricing decisions in June.

If Nigeria raises the price of its crude to the $23.50 per barrel ceiling, and if this pricing is sustained, gross oil revenues would increase by an additional $1bn to a total $16.4bn. This would raise total export receipts, including non-oil items, to an estimated $17.6bn this year, Chase estimates.

Nigeria, which has already adopted import restraints, could develop a trade surplus of between $7bn and $7.5bn.

Allowing for the traditional deficit on services and transfers, estimated in excess of $4bn, a current account surplus of $3bn appears assured, contrasting with a deficit of $3.8bn last year, Chase says.

It adds, "Capital inflow—mainly in the form of Eurodollar loans as well as some $300m-$400m in direct investment funds—can be expected to add another $2bn, resulting in an overall balance of payments surplus of $5bn this year, compared with a $1.9bn payments deficit in 1978."

● An attempt may be made to raise funds for Pakistan on the Eurocurrency markets, in order to surmount potential debt-servicing problems later in the year, Simon Henderson writes from Islamabad.

The Government budget last month indicated that $300m would have to be raised from abroad, in addition to short-term commitments totalling another $300m which were entered into last year.

While there is no clear picture on how these funds will be raised, there are suggestions that $200m might be made available from Saudi Arabia to start an Islamic wealth tax system.

The remaining $100m would be raised for Pakistan on the Euromarkets, while efforts would also be made to roll over the other $300m of debts.

Nissan asks Ford to sell half of JATCO stake

BY YOKO SHIBATA IN TOKYO

NISSAN MOTOR has requested Ford Motor of the U.S. to part with half of Ford's 50 per cent stake in Japan Automatic Transmission Company, (JATCO) to Nissan. The request was made in a letter from Nissan's president, Mr. Takashi Ishihara to Mr. Philip Caldwell, previously of Ford. This follows the agreement announced last week for Ford to take a 25 per cent interest in Toyo Kogyo, the maker of Mazda cars.

JATCO was established in 1975 under a Ford manufacturing licence in anticipation of strong future demand for automatic vehicles. The company, which manufacturers automatic transmission, was capitalised at Y3.24bn ($15m), with 50 per cent held by Ford, and 25 per cent each by Nissan and Toyo Kogyo.

Over the years, Nissan has tightened its grips on JATCO by purchasing 80 per cent of its output and installing a Nissan executive as president of JATCO.

However, the agreement on Ford's buying a 25 per cent stake in Toyo Kogyo has caused grave concern for Nissan—where it is seen as threatening the lessening of Nissan's influence over JATCO and the stability of its automatic transmissions supply. At the time of the tie-up between Toyo Kogyo and Ford, Nissan had made it clear that it would like to bring its stake in JATCO up to 50 per cent, and eventually attain full control. According to Nissan, the original intention of setting up JATCO was to achieve domestic production of automatic transmissions.

After the tie-up, Ford and Toyo Kogyo together control 75 per cent of JATCO, and Nissan alone 25 per cent. The capital distribution ratio should reflect the operations of JATCO, 80 per cent of the products of which are purchased by Nissan, Nissan argues.

However, Toyo Kogyo has announced that it has no intention of transferring its 25 per cent holding in JATCO and is continuing to place orders with the company.

Last December, Toyo Kogyo reached agreement with Ford Motor that the company would start production of transaxles for Ford's front wheel drive subcompact cars from next year. Also, Toyo Kogyo itself will introduce its own front wheel drive subcompact cars next spring. In order to cope with expansion of production, the company has mapped out a plan to increase production lines at its Hofu factory. JATCO's supply of automatic transmission is, in view of this, indispensable for Toyo Kogyo.

Nissan appears to have made the change to negotiating with Ford in an attempt to break the deadlock in its attempts to acquire the Toyo Kogyo stake.

Kubota consolidated earnings fall

TOKYO—Kubota, a diversified Japanese manufacturer of agricultural and industrial machinery, has announced a fall of 0.9 per cent in consolidated net profit, to Y19.49bn ($89.8m) in the fiscal year to April 15, from Y19.67bn in the previous year, reports AP-DJ.

Sales totalled Y529.71bn ($2.4bn), for a 6.1 per cent rise, from Y499.10bn in the preceding year.

Kubota said that sales of machinery, cast-iron pipes and housing equipment were brisk, contributing to an overall increase. Their net profit declined, however, partly because of foreign exchange fluctuations.

Officials said sales of agricultural machinery were Y208.20bn, down 4.3 per cent from the previous year's level; pipes Y153,00bn, up 13.8 per cent; environmental equipment Y111.17bn, up 17 per cent; and housing equipment Y57.93bn, up 10 per cent.

Exports totalled Y55.23bn, rising 20.4 per cent from the Y45.86bn in the preceding fiscal year.

● Our Financial Staff writes: Kubota last month announced a net profit for the parent company alone of Y19.71bn, to show a gain of 5.4 per cent on the year, after a fall of 13.8 per cent in 1977-78. Parent company sales were up 4.2 per cent to Y482.96bn.

Bankruptcies down in Japan

TOKYO—Japanese corporate bankruptcies in June fell to 1,253 from 1,367 in May, and from 1,325 in June last year, the Tokyo Commerce and Industry Research Company said.

But, the company, whose figures are used by the Bank of Japan for bankruptcy statistics, said that debts involved in June totalled Y205bn ($945m) up from Y152bn in May, and from Y161bn in June last year.

The rise in debts resulted from two big bankruptcies, each involving debts exceeding Y10bn.
Reuter

Palm oil plant venture

BY WONG SULONG IN KUALA LUMPUR

DUNLOP ESTATES Berhad has entered into an agreement with three partners to build and operate a palm oil refining and fractioning plant in Johore.

A new company involved, Segemat Edible Oils, has an authorised capital of 10m ringgit (equivalent to US$4.6m) and an expected paid-up capital of 6m ringgit.

Dunlop will hold 25.4 per cent of its equity. The other partners are Tab-Timuran, Tabong Haji (the Malaysian Pilgrims Fund) and the German concern, Wessanen Overseas B.V.

Meanwhile, Negeri Sembilan Oil Palms (NSOP), a quoted company on the Kuala Lumpur exchange has announced a three-for-two scrip issue to capitalise on the 17.5m ringgit surplus arising from the revaluation of its estates.

● Reuter reports from Singapore that Overseas Union Bank has announced that its one-for-six rights issue of 12.83m shares at S$2 for each S$1 share closed oversubscribed.

The issue, plus a simultaneous one-for-six scrip issue, raised the paid-up capital of the bank to S$102.67m, from S$77m.

Advance in profits for Bahrain banks

By Mary Fring in Bahrain

BAHRAIN'S two biggest retail banks have reported increased profits for the first six months of 1979.

The National Bank of Bahrain earned Bd 1.88m ($4.9m), or 6[illegible] per cent more than in the same period last year, while the Bank of Bahrain and Kuwait (BBK) earned Bd 1.06m ($2.8m), for an increase of 23.3 per cent.

While the seven-year-old Bank of Bahrain and Kuwait appears to be growing more rapidly than the older established National Bank, the two are not directly comparable. BBK is the only locally incorporated bank to have a foreign branch, and its consolidated balance sheet includes both the year-old Kuwait operation and the offshore banking unit, the Bahrain Commercial Bank.

Consolidated assets have increased in the past six months from Bd 322.1m to Bd 295.2m.

National Bank's assets, at Bd 188.17m, were Bd 20m down on June, 1978, and Bd 43m down on December.

This was attributed by Mr John House, the general manager, largely to an international contraction in money market activities, resulting from sharp fluctuations in the interest rates of regional currencies in which NBB deals.

The loan volume increased by more than Bd 10m from Bd 85m in June 1978 to Bd 95.67m at the end of last month. All figures are unaudited and subject to adjustment.

Ovenstone rights terms

CAPE TOWN — Ovenstone Investments has proposed a rights issue of some 34.42m ordinary shares of 12.5 cents each, on the basis of 180 new ordinaries for every 100 held on register at July 20, at a price of 25 cents a share.

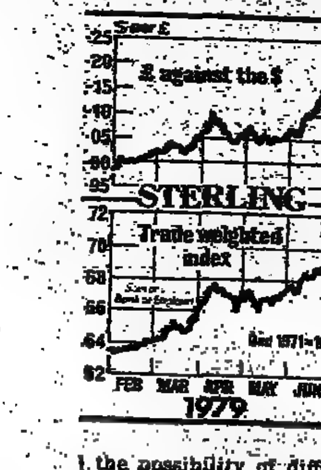
The offer, which will raise R8.6m (equivalent to about $10m), will open on July 27 and close on August 17, with results to be announced on August 27.

The participation of ordinary shareholders apart, holders of the 8.5 per cent and 11 per cent convertible redeemable cumulative preference shares of R1 each will be entitled to [illegible] new ordinary shares for every 100 of 8.5 per cent preference held, and to 144 new ordinary shares for every 100 of 11 per cent preference held.
Reuter

CURRENCIES, MONEY and GOLD

Pound firm, dollar weak

STERLING continued to improve against other major currencies, and closed at its best level against the dollar for over four years. Although sterling showed an overall rise, its improvement was mainly a reflection of the weaker dollar. The U.S. unit suffered as the result of a mixed reception to President Carter's energy speech. While the measures announced were encouraging in the long term, dealers expressed concern over the lack of short-term benefit



and the possibility of difficulties in pushing measures through Congress. The dollar's trade weighted index on Bank of England figures, fell to 84.3 from 84.6 on Friday. Against the D-mark, it fell to DM 1.8200 from DM 1.8245 and to SwFr 1.6460 from SwFr 1.6510 in terms of the Swiss franc.

Sterling opened at $2.2275 and dipped briefly to $2.2270 before improving on a weak dollar to $2.2350 at noon. UK trade figures for June pushed up the rate to $2.2460 during the afternoon despite the fact that the underlying trend was somewhat gloomier. At the close sterling stood at $2.2415-2.2425, a rise of 1.3 cents from Friday, and its highest closing level since June, 1975. The pound's overall improvement was reflected in its trade-weighted index which rose to 71.3 at the close from 71.0, having stood at 71.3 at noon and in the morning.

FRANKFURT—The dollar was fixed at its lowest level since January yesterday at DM 1.8200 compared with Friday's level of DM 1.8314, and significantly, there was no intervention by the Bundesbank at the fixing. Trading was nervous with dealers still unsure as to whether President Carter will be able to push through Congress the measures outlined in Sunday's speech. Trading took place within a fairly narrow range of DM 1.8175 and DM 1.8280.

BRUSSELS — The Belgian franc maintained a steady look despite the latest increase in West German interest rates. The D-mark was quoted at BFr 16.0300, having risen to BFr 16.0400 earlier in the day. The D-mark's ceiling in terms of the Belgian franc is BFr 16.0470.

MILAN—Relation to President Carter's energy speech saw the dollar fall to L820.45 from L824.45 on Friday, but other currencies improved against the lira.

TOKYO—The dollar closed virtually unchanged from last week at Y217.70 against the yen after a generally mixed reception to President Carter's energy speech.

THE POUND SPOT AND FORWARD

July 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2270-2.2460	2.2415-2.2425	0.78-0.68c pm	3.62	1.90-1.80 pm	3.30
Canada	2.5860-2.6090	2.5980-2.5990	0.85-0.75c pm	3.69	2.05-1.95 pm	3.08
Nethlnd.	4.46½-4.50½	4.48¾-4.49¾	2¾-1⅞c pm	6.01	5½-4¾ pm	4.23
Belgium	65.00-65.45	65.30-65.40	5c pm-5c dis	par	20-10 pm	0.92
Denmark	11.68-11.76	11.74-11.75	1½ore pm-½ore dis	0.77	1½-3½ dis	−4.64
Ireland	1.0760-1.0790	1.0775-1.0785	30-40p dis	−3.90	87-97 dis	−3.04
W. Ger.	4.05-4.09	4.07¾-4.08¾	3½-2½pf pm	8.82	8¾-7¾ pm	7.71
Portugal	108.65-109.20	108.90-109.10	30-90c dis	−6.61	80-180 dis	−4.77
Spain	147.40-148.15	148.00-148.10	100-130c dis	−9.32	270-370 dis	−8.65
Italy	1831-1839	1838-1839	3-5 lire dis	−2.61	8-11 dis	−2.07
Norway	11.24-11.33	11.31½-11.32½	5-3 ore pm	4.24	13-11 pm	4.24
France	9.47-9.53	9.52-9.53	2¾-1¾c pm	2.83	4¾-3¾ pm	1.78
Sweden	9.43-9.49	9.48-9.49	3½-1½ ore pm	3.16	7½-5½ pm	2.74
Japan	482-487	485½-486½	4.35-4.05y pm	10.37	10.20-9.90 pm	8.27
Austria	29.80-30.00	29.92-29.97	22-12 gro pm	6.81	55-45 pm	6.78
Switz.	3.66½-3.70½	3.68½-3.69½	4¾-3¾c pm	13.82	12¾-11¾ pm	12.80

Belgian rate is for convertible francs. Financial franc 68.95-69.05c pm. Six-month forward dollar 2.88-2.78c pm; 12-month 4.85-4.75c pm.

THE DOLLAR SPOT AND FORWARD

July 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2270-2.2460	2.2415-2.2425	0.78-0.68c pm	3.91	1.90-1.80 pm	3.30
Ireland†	2.0705-2.0800	2.0770-2.0800	1.40-1.20c pm	7.51	3.40-3.10 pm	6.26
Canada†	86.10-86.18	86.15-86.18	0.05-0.03c pm	0.56	0.08-0.06 pm	0.30
Nethlnd.	2.0025-2.0125	2.0030-2.0050	0.03-0.23c pm	1.59	0.62-0.52 pm	1.14
Belgium	29.17-29.20	29.18-29.20	5½-8½c dis	−2.88	15-18 dis	−2.26
Denmark	5.2300-5.2400	5.2385-5.2400	1.00-1.50 ore dis	−2.86	5.00-5.50dis	−4.01
W. Ger	1.8185-1.8207	1.8197-1.8207	0.79-0.69pf pm	4.88	1.99-1.89 pm	4.26
Portugal	48.55-48.75	48.55-48.65	35-45c dis	−9.87	90-130 dis	−9.05
Spain	66.05-66.16	66.06-66.10	95-110c dis	−18.61	240-265dis	−15.28
Italy	820.30-821.50	820.30-820.70	4.00-4.75 lire dis	−6.40	10.5-11.5dis	−5.36
Norway	5.0345-5.1505	5.0495-5.0505	0.50 ore pm par	0.59	1.50-1.00 pm	0.99
France	4.2420-4.2475	4.2450-4.2475	0.25-0.35c dis	−0.85	1.50-1.65dis	−1.48
Sweden	4.2280-4.2440	4.2305-4.2315	0.30-0.23c pm	1.59	1.15-1.35dis	−1.18
Japan	216.80-217.35	216.80-217.00	1.25-1.10y pm	6.50	2.75-2.60 pm	4.98
Austria	13.335-13.365	13.355-13.365	4.80-4.30 gro pm	4.09	11.75-10.25pm	3.29
Switz.	1.6455-1.6497	1.6455-1.6465	1.46-1.41c pm	10.46	3.92-3.87 pm	9.46

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 16	Bank of England Index	Morgan Guaranty changes %
Sterling	71.3	−34.0
U.S. dollar	84.3	−9.1
Canadian dollar	[illegible]	−16.6
Austrian schilling	146.0	+18.9
Belgian franc	114.3	+13.5
Danish kroner	114.1	+2.7
Deutsche Mark	152.4	+45.6
Swiss franc	198.0	+81.6
Guilder	123.6	+18.3
French franc	99.0	−7.5
Lira	55.1	−49.0
Yen	131.6	+29.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.583692	0.620417
U.S. $	9½	1.29813	1.37857
Canadian $	11¼	1.50856	1.59845
Austria Sch.	3¾	17.4663	18.5211
Belgian F.	9	38.1359	40.4885
Danish K.	9	6.83465	7.25747
D mark	6	2.37740	2.52416
Guilder	8	2.61896	2.78126
French Fr.	9½	—	5.88504
Lira	10½	1070.81	1136.65
Yen	4¼	282.213	[illegible]
Nrwgn. K.	7	6.58606	6.99554
Spanish Pta.	8	85.9816	91.3025
Swedish Kr.	7	5.51056	5.85505
Swiss Fr.	1	2.15684	2.29173

OTHER MARKETS

July 16	£	$		£ Note Rates
Argentina Peso	2542-2562	1134-1143	Austria	29.0-30.0
Australia Dollar	1.9855-1.9895	0.8855-0.8875	Belgium	68.0-69.0
Brazil Cruzeiro	57.84-58.84	25.80-26.25	Denmark	11.60-11.75
Finland Markka	8.52-8.53	3.3470-3.3490	France	9.35-9.50
Greek Drachma	80.680-82.614	36.00-37.00	Germany	4.00-4.10
Hong Kong Dollar	11.5550-11.5750	5.1500-5.1540	Italy	1,800-1,825
Iran Rial	159.70-166.35	72-75	Japan	480-490
Kuwait Dinar (KD)	0.610-0.620	0.2757-0.2758	Netherlands	4.40-4.50
Luxembourg Frc.	65.30-65.40	29.15-29.17	Norway	11.15-11.30
Malaysia Dollar	4.82¾-4.83¾	2.1625-2.1635	Portugal	102-106
New Zealand Dlr.	2.1950-2.2010	0.9790-0.9815	Spain	145-146
Saudi Arab. Riyal	7.44-7.54	3.3575-3.3585	Switzerland	3.60-3.70
Singapore Dollar	4.82¾-4.83¾	2.1625-2.1635	United States	2.23-2.24
Sth. African Rand	1.8870-1.8970	0.8415-0.8450	Yugoslavia	41-44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4623	+2.60	+1.46	±1.53
Danish Krone	7.08592	7.28925	+2.46	+1.31	±1.635
German D-Mark	2.51064	2.52524	+0.58	−0.52	±1.1329
French Franc	5.79831	5.88669	+1.52	+0.38	±1.35
Dutch Guilder	2.72077	2.77943	+2.16	+1.01	±1.5075
Irish Punt	0.662638	0.667502	+0.73	−0.41	±1.665
Italian Lira	1148.15	1138.09	−0.88	−0.88	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 16	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.242	4.085	486.0	9.526	3.690	4.493	1839.	2.599	65.55
U.S. Dollar	0.446	1.	1.821	216.8	4.248	1.646	2.004	820.0	1.159	29.15
Deutschemark	0.245	0.549	1.	119.0	2.335	0.904	1.100	450.3	0.636	16.01
Japanese Yen 1,000	2.058	4.613	8.400	1000.	19.60	7.593	9.244	3785.	5.347	134.5
French Franc 10	1.050	2.354	4.286	510.2	10.	3.874	4.717	1930.	2.728	68.81
Swiss Franc	0.271	0.608	1.106	131.7	2.581	1.	1.217	498.2	0.704	17.71
Dutch Guilder	0.223	0.499	0.909	108.2	2.120	0.821	1.	409.2	0.578	14.55
Italian Lira 1,000	0.544	1.219	2.221	264.3	5.181	2.007	2.444	1000.	1.413	35.65
Canadian Dollar	0.385	0.865	1.571	187.0	3.666	1.420	1.729	707.5	1.	25.16
Belgian Franc 100	1.530	3.431	6.247	743.7	14.56	5.647	6.875	2813.	3.976	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.50-10.60 per cent; six months 10.50-10.60 per cent; one year 10.25-10.35 per cent.

July 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	n.a.	10¼-10½	9¾-10½	9-9¼	[illegible]	5½-5¾	10-10½	12-17	—	−1½-4
7 days' notice	n.a.	10⅜-10⅝	9½-10½	9-9¼	[illegible]	5½-5⅝	10-10½	16-19	10½-10⅝	2⅞-4¼
Month	14⅛-14⅝	10½-10¾	10⅝-11	9½-9⅞	[illegible]	5⅞-6	11⅛-11⅝	16-17½	10⅝-10¾	[illegible]
Three months	13⅞-14¼	10⅝-10⅞	10⅞-11⅛	9⅞-9⅞	1⅛-1⅜	6⅜-6⅞	12-12¼	18¼-18¼	10⅞-10⅞	5⅛-5⅞
Six months	13⅝-13⅞	10¾-11	10⅝-10⅞	9⅞-10⅛	2⅛-2⅜	6½-6⅞	12⅛-12⅝	15-16	10⅞-10⅞	6⅛-6⅞
One year	12⅝-13	10⅛-10⅜	10⅛-10¼	9⅞-10⅛	2⅛-2⅜	6⅞-7	12⅛-12⅞	14-15	10½-10⅝	6⅛-6⅞

Long-term Eurodollar: two years 10-10⅛ per cent; three years 9¹⁵⁄₁₆-10⅛ per cent; four years 9⅞-10 per cent; five years 9⅞-10 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Rates remain firm

Interest rates continued to rise in several European centres yesterday, while Japan's Finance Minister and the Governor of the Bank of Japan held a meeting amid speculation that Japan's discount rate may soon rise following the upward movement in European rates and the sharp increase in Japanese wholesale prices in recent months.

Inflationary fears in Japan are expected to lead to a rise in the discount rate in the near future, possibly this week, and comments by the Finance Minister following the meeting did little to allay these suspicions. The Bank of Japan last increased its discount rate in April to 4¼ per cent from 3½ per cent.

BRUSSELS—Interest rates on one-month, two-month, and three-month Treasury certificates rose to 12 per cent. One-month and two-month were previously 11.4 per cent, and three-month 11.6 per cent. The Belgian National Bank regarded this as a technical move following a rise to over 12 per cent in domestic interest rates at the end of last week, making Treasury paper uncompetitive. Call money eased to 10-12 per cent from 10½-12½ per cent, but other rates were firmer. One-month rose to 12-12½ per cent from 11¾-11⅞ per cent; three-month to 12¾-12½ per cent from 11¾-12½ per cent; six-month to 11⅞-11⅞ per cent from 11½-11¾ per cent; and 12-month to 10⅞-10⅞ per cent from 10¼-10⅞ per cent.

PARIS—Day-to-day money rose to 9⅛ per cent from 9⅛ per cent yesterday, following the rise in Treasury bill discount rates last week. This was despite the increase in money market liquidity following the purchase of about FFr 3bn of first category paper by the authorities on Friday. Period rates were easier however, with one-month declining to 9⅞-9⅞ per cent from 9⅞-10 per cent; three-month to 10⅛-10⅛ per cent from 10¼-10½ per cent; six-month to 10⅛-10⅛ per cent from 10⅜-10½ per cent; and 12-month to 10¾-11 per cent from 11-11¼ per cent.

FRANKFURT — Call money fell to 5.50-5.60 per cent from 5.80-5.90 per cent, while one-month was unchanged at 6.15-6.30 per cent and three-month at 6.75-6.85 per cent. Six-month funds eased to 7.10-7.30 per cent from 7.30-7.40 per cent, and 12-month to 7.30-7.50 per cent from 7.50-7.60 per cent.

AMSTERDAM — Call money rose to 9⅛-9⅜ per cent from 9⅛-9⅜ per cent; while one-month was unchanged at 9⅛-9⅜ per cent; and three-month at 9⅞-10 per cent. Six-month funds rose to 10-10⅛ per cent from 9⅞-10⅛ per cent.

MILAN—Money market rates were unchanged, with one-month at 11¼-11½ per cent; two-month at 11⅜-11½ per cent; and three-month at 11¼-11⅝ per cent.

GOLD

Record level

Gold rose to a record closing level in the London bullion market yesterday at $292½-293½, a rise of $4½ an ounce from Friday. After opening at $290-290½, the metal rose on doubts over President Carter's energy measures, and at one point during the afternoon it touched an all-time high of $292½-293½. In later trading in New York it was quoted even higher at $294-294½.

In Paris the 12½-kilo bar was fixed at FFr 41,800 per kilo ($306.30 per ounce) compared with FFr 41,800 ($305.27) in the morning and FFr 41,600 ($303.40) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 17,065 per kilo ($291.89 per ounce) against DM 16,945 ($287.67) previously.

	July 16	July 13
Gold Bullion (fine ounce)		
Close	$292½-293¼ (£130.4-130.7)	$287¾-288½ (£129.3-129.7)
Opening	$290-290¾ (£130.4-130.7)	$289¾-290½ (£130.2-130.6)
Morning fixing	$291.40 (£130.497)	$288.60 (£129.516)
Afternoon fixing	$292.80 (£130.481)	$287.45 (£129.556)
Gold Coins, domestically		
Krugerrand	$301-303¼ (£134¼-135¼)	$296½-298½ (£133¼-134¼)
New Sovereigns	$76-78 (£33¾-34¾)	$74½-76½ (£33½-34½)
Old Sovereigns	$101¼-103¼ (£45-46)	$95-97 (£42¾-43¾)
Gold Coins, internationally		
Krugerrand	$301¼-303¼ (£134¼-135¼)	$296½-298½ (£133¼-134¼)
New Sovereigns	$76-78 (£33¾-34¾)	$74½-76½ (£33½-34½)
Old Sovereigns	$101¼-103¼ (£45-46)	$95-97 (£42¾-43¾)
$20 Eagles	$418½-421½	$417-422
$10 Eagles	$235-240	$234-239
$5 Eagles	$170-175	$169-174

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a small amount of assistance by buying a small number of Treasury bills from the Discount houses, and by lending a small amount to one or two houses, overnight at Bank of England Minimum Lending Rate of 14 per cent.

Banks brought forward small run down balances, there was a small net take-up of Treasury bills to finance, and a small increase in the note circulation.

Discount houses paid 13⅞-14 per cent for secured call loans in the early part, with closing balances taken at 13-13½ per cent.

In the interbank market overnight loans commanded 13⅞-14 per cent, before falling to 12½ per cent in the afternoon, and closing at 14½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 16 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13½-14½	—	—	—	14¼	13-14	—	—	—
2 days notice	—	—	14⅛-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14⅛	14¼-14⅜	—	14⅜	14½	13⅞-14	—	—	—
One month	14⅛-14	14-14⅛	14-14⅛	14⅜-14¾	14⅜	14½	13⅞-13⅞	13⅞-13⅞	14⅛	14½
Two months	14⅛-14	14-14⅛	—	14⅛	14⅜	14⅜	13¾	13⅞-13⅞	14⅛	14⅜
Three months	14⅛-13⅞	13⅞-14⅛	13⅞-14	14¼	14⅜	—	13⅝	13⅜-13⅞	13⅞-13⅞	14¼
Six months	13⅞-13⅝	13⅞-13⅝	13-13⅛	13	14	—	—	—	13⅛	14⅛
Nine months	13-12⅞	12⅞-13⅛	—	—	13½	—	—	—	—	—
One year	12⅞-12⅞	12½-12¾	12⅞-12⅝	—	13¼	—	—	—	—	—
Two years	—	—	12⅜-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12⅞-12⅞ per cent; four years 12¾-13 per cent; five years 12⅞-13⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13½ per cent; four-months trade bills 14½ per cent.

Approximate selling rate for one-month Treasury bills 13⅞-13⅞ per cent; two-months 13⅞ per cent; three-months 13⅞ per cent. Approximate selling rates for one-month bank bills 14 per cent; two-months 13⅞-13⅞ per cent; and three-month 13⅞ per cent; one-month trade bills 14⅛ per cent; two-month 14⅛ per cent; and three-month 14⅛ per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3451 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5
Fed Funds	10.5625
Treasury Bills (13-week)	9.33
Treasury Bills (26-week)	9.18
GERMANY	
Discount Rate	5
Overnight Rate	5.55
One month	6.225
Three months	6.80
Six months	7.20
FRANCE	
Discount Rate	9.5
Overnight Rate	9.5
One month	9.8125
Three months	10.125
Six months	10.75
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.5625
Bills Discount (three-month)	6.2125

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 16, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ sterling
Afghanistan	Afghani	94.00
Albania	Lek	10.129
Algeria	Dinar	8.6398
Andorra	French Franc	9.525
	Spanish Peseta	148.05
Angola	Kwanza	60.118
Antigua (S)	E. Caribbean $	6.059
Argentina	Ar. Peso Free Rate	2,960
Australia (S)	Australian $	1.9875
Austria	Schilling	29.945
Azores	Portug. Escudo	109.0
Bahamas (S)	Ba. Dollar	2.2420
Bangladesh (S)	Taka	32.80 (sg)
Bahrain (S)	Dinar	0.856
Balearic Isles	Spa. Peseta	148.05
Barbados (S)	Babados $††	4.484
Belgium	B. Franc	(cm) 65.35
		(fn) 69.00
Belize	B $	4.484
Benin	C.F.A. Franc	476¼
Bermuda (S)	Bda $	2.2420
Bhutan	Indian Rupee	17.67 (sg)
Bolivia	Bolivian Peso	44.84
Botswana (S)	Pula	1.8567
Brazil	Cruzeiro ‡‡	58.34
Brit. Virgin Isles (S)	U.S. $	2.2420
Brunei (S)	Brunei $	4.8325
Bulgaria	Lev	1.7930
Burma	Kyat	15.082
Burundi	Burundi Franc	199.595
Cameroon Republic	C.F.A. Franc	476¼
Canada	Canadian $	2.5985
Canary Islands	Spanish Peseta	148.05
Cape Verde Isle	Cape V. Escudo	81.855
Cayman Islands (S)	Cay. Is. $	1.868
Cent. Af. Empire	C.F.A. Franc	476¼
Chad	C.F.A. Franc	476¼
Chile	C. Peso	(Bk) 87.36
China	Renminbi Yuan	3.4396
Colombia	C. Peso	(F) 94.94
Comoro Islands	C.F.A. Franc	476¼
Congo (Brazzaville)	C.F.A. Franc	476¼
Costa Rica	Colon	19.2612
Cuba	Cuban Peso	1.5052
Cyprus (S)	Cyprus £	0.7750
Czechoslovakia	Koruna	(com) 11.25
		n/c 22.50
		(T) 18.90
Denmark	Danish Krone	11.745
Djibouti	Fr.	380.0
Dominica (S)	E. Caribbean $	6.059
Dominican Repub.	Dominican Peso	2.2420
Ecuador	Sucre	(O) 55.72
		(F) 62.776
Egypt	Egyptian £	(U) 1.560
Equatorial Guinea	Peseta	148.05
Ethiopia	Ethiopian Birr	(P) 4.6462
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.745
Fiji Islands	Fiji $	1.84
Finland	Markka	8.525
France	French Franc	9.525
French C'tyin Af*	C.F.A. Franc	476¼
French Guiana	Local Franc	9.525
French Pacific Is.	C.F.P. Franc	173.182
Gabon	C.F.A. Franc	476¼
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.0825
Germany (West)	Deutsche Mark	4.0825
Ghana (S)	Cedi	6.12 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.9875
Greece	Drachma	81.647
Greenland	Danish Kroner	11.745
Grenada (S)	E. Caribbean $	6.509
Guadaloupe	Local Franc	9.525
Guam	U.S. $	2.2420
Guatemala	Quetzal	2.2420
Guinea Republic	Sily	42.573
Guinea Bissau		75.834
Guyana (S)	Guyanese $	5.7171
Haiti	Gourd	11.21
Honduras Repub.	Lempira	4.50
Hong Kong (S)	H.K. $	11.565
Hungary	Forint	(com) 77.30
		(T)(nc) 44.17
Iceland (S)	I. Krona	781.0
India (S)	Ind. Rupee	17.67
Indonesia	Rupiah	1,401
Iran	Rial	164.72
Iraq	Iraq Dinar	0.6669
Irish Republic (k)	Irish £	1.0780
Israel	Israel £	57.51
Italy	Lira	1,838.5
Ivory Coast	C.F.A. Franc	476¼
Jamaica (S)	Jamaica Dollar	3.9986
Japan	Yen	486
Jordan (S)	Jordan Dinar	0.667
Kampuchea	Riel	2690.4
Kenya (S)	Kenya Shilling	16.535
Korea (Nth)	Won	1.94(‡)
Korea (Sth)	Won	1078.84
Kuwait (Sth)	Kuwait Dina	0.615
Laos	Kip Pot Po	896.8
Lebanon	Lebanese £	7.281
Lesotho	S. African Rand	1.8920
Liberia	Liberian $	2.2420
Libya	Libyan Dinar	0.6637
Liechtenstein	Swiss Franc	3.69
Luxembourg	Lux Franc	65.35
Macao	Pataca	11.905
Madeira	Portug'se Escudo	109.00
Malagasy Republic	MG Franc	476¼
Malawi (S)	Kwacha	1.775
Malaysia (S)	Ringgit	4.8325
Maldive Islands (S)	Mal Rupee	8.8111
Mali Republic	Mali Franc	952.50
Malta (S)	Maltese £	0.7850
Martinique	Local Franc	9.525
Mauritania	Ouguiya ‡	95.593
Mauritius (S)	M. Rupee	13.303
Mexico	Mexican Peso	51.18
Miquelon	C.F.A. Franc	476¼
Monaco	French Franc	9.525
Mongolia	Tugrik	(O) 6.930(‡)
Monserrat	E. Caribbean $	6.059
Morocco	Dirham	8.40 (sg)
Mozambique	Moz. Escudo	65.095
Nauru	Australian Dollar	1.9875
Nepal	Nepalese Rupee	26.904
Netherlands	Guilder	4.4926
Netherland Antilles	Antillian Guilder	4.0132
New Hebrides	Franc.	153.94
	Aust. Dollar	1.9875
New Zealand (S)	N. Z. Dollar	2.1980
Nicaragua	Cordoba	22.40
Niger Republic	C. F. A. Franc	476¼
Nigeria (S)	Naira	1.261044 (sg)
Norway	Norway Krone	11.32
Oman Sul'ate of (S)	Rial Omani	0.770
Pakistan	Pakistan Rupee	22.10
Panama	Balboa	2.2420
Papua N. Guinea (S)	Kina	1.5840
Paraguay	Guarani	279.55
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7656
Peru	Sol	exc(A) 502.45
Philippines	Philippine Peso	16.36
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.1980
Poland	Zloty	(Cm) 63.38
		(T) 63.38
Portugal	Portugu'se Escudo	109.00
Port Timor	Timor Escudo	109.00
Principe Islands	Portugu'se Escudo	109.00
Puerto Rico	U.S. $	2.2420
Qatar (S)	Qatar Ryal	8.34
Reunion Ile de la	French Franc	9.525
Rhodesia	Rhodesian $	1.5548
Romania	Leu	(Cm) 9.97
		(c/c/T) 26.77
Rwanda	Rwanda Franc	200.3
St. Christopher (S)	E. Caribbean $	6.059
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.059
St. Pierre	C.F.A Franc	476¼
St. Vincent (S)	E. Caribbean $	6.059
Salvador El	Colon	5.605
Samoa American	U.S. $	2.2420
San Marino	Italian Lire	1,838½
Sao Tome	Portugese Escudo	109.0
Saudi Arabia	Ryal	7.49
Senegal	C.F.A. Franc	476¼
Seychelles	S. Rupee	13.33
Sierre Leone (S)	Leone	2.3502
Singapore (S)	Singapore $	4.8325
Solomon Islands (S)	Solomon Is. $	19.924
Somali Republic	Somali Shilling	(A) 13.506
South Africa (S)	Rand	1.8920
South West African Territories (S)	S. A. Rand	1.8920
Spain	Peseta	148.05
Spanish ports in North Africa	Peseta	148.05
Sri Lanka (S)	S. L. Rupee	34.52
Sudan Republic	Sudan £	(A) 0.7809
Surinam	S. Guilder	4.0132
Swaziland (S)	Lilangeni	1.8920
Sweden	S. Krona	9.486
Switzerland	Swiss Franc	3.69
Syria	Syria £	(A) 8.8025
Taiwan	New Taiwan	(P) 80.718
Tanzania (S)	Tan. Shilling	18.238
Thailand	Baht	45.0
Togo Republic	C.F.A. Franc	476¼
Tonga Islands (S)	Pa'anga	1.9924
Trinidad (S)	Trinidad & Tob' $	5.3808
Tunisia	Tunisian Dinar	0.870 (sg)
Turkey	Turkish Lira	97.1202
Turks & Caicos	U.S. $	2.2420
Tuvalu	Australian $	1.9875
Uganda (S)	Uganda Shilling	15.0 (sg)
United States	U.S. Dollar	2.2420
Uruguay	Uruguay Peso	(cm) 17.780
		(fn) 17.776
Utd. Arab Emirates	U.A.E. Dirham	8.47
U.S.S.R.	Rouble	1.4520
Upper Volta	C.F.A. Franc	476¼
Vatican	Italian Lire	1838½
Venezuela	Bolivar	9.63
Vietnam	Dong	(O) 4.8876
		(T) 4.070(‡)
Virgin Islands U.S.	U.S. Dollar	2.2420
Western Samoa (S)	Samoan Tala	19.696
Yemen	Ryal	10.08 (sg)
Yugoslavia	New Y Dinar	42.5257
Zaire Republic	Zaire	3.4265
Zambia	Kwacha	1.70

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 94,164. Based on gross rates against Russian rouble. **Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

Early Wall St. trading moderately active

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—27¼% (26½%)
Effective $2.2420 9¼% (8½%)

TRADING on Wall Street firmed in moderately active trading after a weak start.

Analysts said stock prices were hit at the outset by a sharp drop in the dollar on President Carter's energy message.

Closing prices and market reports were not available for this edition.

Commenting on the firming trend, they noted the market declined last week on expectations of a weak speech from President Carter. With that out of the way, analysts said, bargain hunting set in.

Selected issues that should benefit from specific energy programmes were also gaining, but there was little to spur the overall market in Carter's Kansas City speech.

The Dow Jones industrial average lost a fraction but advances led declines six to five on volume of 12m shares.

Volume leader **IBM** tacked on ¼ to 70 after touching a new low of 69 for the year on Friday. Last week **IBM** reported a 3.4 per cent fall in second quarter profits.

Among issues that could benefit from expanded use of coal and production of synthetic fuels and oil from shale, **North American Coal** rose 1¾ to 37¾, **Occidental Petroleum** ⅞ to 24⅛ in active trading, **Combustion Engineering** 1⅜ to 53¾, and **Dynalectron**, the American Stock Exchange volume leader, 1¼ to 15⅛.

Railroads also advanced. **Burlington Northern**, which reported sharply higher second *quarter net and raised the dividend*, jumped 2¼ to 60½. **Norfolk and Western** added 1½ to 28⅞ *and* **Chessie System** ½ to 30½.

Bank America and **Chase Manhattan** both added fractions on news of improved second quarter profits.

Amex prices were mixed in moderate trading. The index added 0.50 to 196.59 but losses led winners by a small margin on volume of 1.89m shares.

Goldfield, which holds coal properties, added ¼ to 1⅞ as the second most active stock. Gains of a point or more were recorded by **Research-Cottrel**, **Banister Continental** and **Dome Petroleum**. **Dome** agreed to buy some oil and gas properties from **Mesa Petroleum** for C$200m. **Mesa** added ⅝ to $65⅞ on the NYSE.

Cook Paint and Varnish lost ⅞ to $37¾. It reported a fiscal second quarter loss and said it is discussing the sale of its assets.

Canada

The market continued higher in moderate trading as the composite index rose 4.3 to 1,541.7. Advances led declines 180 to 114.

Ram Petroleum fell 1¼ to 10. *A subsidiary of the company has* tested salt water in a Utah well.

Among other oils, **Canadian Superior** at 133, **Gulf Canada** at 55¾ and **Texaco Canada** at 67½ rose ½, while **Range Oil Canada** gained 58 to 28¼.

On a record London fix, gold issues were higher as **Campbell Red Lake** rose 1 to 22¼. **Dome Mines** ⅝ to 42 and **Dickenson Mines** ¼ to 8¾.

Noon volume was 1,658,182 shares compared with 2,838,276 in the previous session.

Tokyo

Share prices closed higher in active trading, led by energy-related issues after President Carter's speech, dealers said.

The market average rose 33.00 to close at 6,188.73, with the volume at 400m shares. The Tokyo Stock Exchange Index closed at 439.56, up 2.26.

Share related to alternative sources of oil rose widely, including **Tokyo Sanyo Electric** up 26 to 509, **Fujitsu** 24 to 403 and **Nippon Electric** 26 to 355.

Some oil, minings and trading houses also rose on reports that China is ready to begin negotiations with Japan on the possible joint exploration of oil in the East China Sea.

Steels and heavy electricals closed firmer on good earning prospects, with **Hitachi** up three to 233, **Toshiba** six to 149, **Kawasaki Steel** three to 125 and **Nippon Steel** two to 118.

However, some shipping lines and some oils closed lower on profit taking. The second market closed slightly higher with the volume at 8m shares.

Australia

The telecommunications dispute continued to have a dempening effect on the market today, dealers said.

Operators were *also holding* off to see how Wall Street reacted to President Carter's energy speech and for the issue of the latest Australian cost of living figures later this week.

Western Mining rose A$2.44 from A$2.38 while **Hartogen Mining** rose from A$1.65 to A$1.72.

Queensland Mines ended 25 cents ahead at A$3.80 and **Kathleen Investments** gained 10 cents to A$4.05, while **E-Z Industries** closed 17 cents lower. Among diamond stocks, **Ashton** rose 2 cents to A$1.02 and **Otter** was steady at 77 cents.

Market leader **BHP** closed 6 cents ahead, with the market anticipating a strong profit figure when the annual results are released on Friday. *Ansett lost* a cent to A$1.26 and **TNT** eased 2 cents to A$1.34.

CSR firmed 2 cents to A$3.57, while **Bundaberg Sugar** dropped 5 cents to A$4.25.

In Sydney uranium interests were well supported with leader **Pan Continental** rising 70 cents to A$14.10. **Queensland** 25 to A$3.80 and **Kathleen Investments** 10 to A$3.80.

Market leader **BHP** firmed 4 cents to A$9.36, with brokers predicting a substantial profit rise, if not a record, when **BHP** reports on Friday for the year ended last May.

Paris

The market was mixed in quiet trading as operators awaited Wall Street's reaction to the Carter Energy speech, dealers said.

Oils and Electricals firmed, *Chemicals and Mechanical Engineerings* eased while Foods, Department Stores and Metals were mixed, and Banks, Insurances, Investments, Properties and Constructions were steady.

Cie Francaise des Petroles firmed FFr 2.70 to FFr 189.80 after announcing it will sell its unprofitable *subsidiary* **Total Suisse** to **Gatoil International Inc.**

Among foreign stocks, Americans, Oils, Coppers and Gold Mines were mixed, Germans were steady, and Canadians firmed.

Germany

Most leading shares on the Frankfurt bourse firmed though some registered slight losses in late trading.

Chemicals and Electricals firmer, while Autos were mixed, with **BMW** and **Daimler** easing and **VW** gaining DM 3.50 against the trend.

In Banks **Dresdner** was unchanged with **Commerz** and **Deutsche** easing 30 pfennigs, while in Stores *Karstadt* lost 1.50 and **Horten** gained the same amount.

Hong Kong

Stock prices eased across the board in thin featureless trading, with market sentiment depressed *by the latest increase in local oil* prices and a disappointing land auction on Friday, dealers said.

The Hang Seng index closed 2.61 points down at 548.99. Utilities felt the brunt of the oil price increase, with **HK Electric** falling 2½ cents to $4.40, and **China Light** easing 30 cents to $20.30.

Among properties **Cheung Kong** eased 10 cents to 12.20, **Great Eagle** 7½ to 4.875, **Sun Hung Kai Properties** 20 to 10.20 and **Swire Properties** 5 to 3.30.

Amsterdam

Share prices closed mostly lower in very quiet trading with **Unilever** and **Royal Dutch** Fl 1 and *1.80 lower respectively*, in Dutch Internationals, dealers said.

Shares with losses of Fl 1 or more included **Bols**, **Algemene Bank Nederland**, **VMF-Stork** and **Van Ommeren**. **IHC** *rose* Fl 1, **Delft** Fl 1.70 and **Westland Utrecht Hypotheekbank** Fl 2.20.

State Loans were narrowly mixed.

Brussels

Belgian shares closed mostly lower in moderate trading, Bourse sources said.

tagne-rose, while **Reserve**, **Sofina**, **Sidro**, **Intercom**, **Asturiennes**, **FN**, **Cockerill**, **Wagon Lits**, **GB**, **ST Roch** and **Tessenderloo** all fell. Gold Mines were mixed.

Among foreign stocks UK, Canadian and French were lower, Dutch unchanged, German steady and U.S. higher. **Petrofina**, **American Petrofina** and **Canadian Petrofina** all rose.

Switzerland

Prices closed steady on minimal turnover, with moderate interest continuing for a few secondary stocks, dealers said.

Industrials tended slightly higher but fell on profit-taking after last Friday's advances.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom.
c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Banks Ltd.	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
American Express Bk.	14 %	*Julian S. Hodge*	15 %
A P Bank Ltd.	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Industrial Bk. of Scot.	14½%
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½%
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	*London Mercantile*	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ *Samuel Montagu*	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid. East	14 %	*Norwich General Trust*	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	15 %
C. E. Coates	14 %	Shenley Trust	16 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
Credit Lyonnais	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	*Williams & Glyn's*	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		

■ Members of the Accepting Houses Committee
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12%, and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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Fear of recession fuels base metals decline

BY CHRISTOPHER PARKES

FORWARD PRICES of all base metals fell on the London Metal Exchange yesterday, dragged downwards by renewed fears of recession in the U.S., the seasonal lack of demand from industry and the continuing decline in lead quotations.

Traders felt President Carter's energy policy plans were not far-reaching enough to allay fears of a recession.

Lead prices, which fell heavily all last week in the absence of Soviet buyers, dropped again under the influence of an increase in LME warehouse stocks. Cash lead was down £20.5 on the day, closing at £526 a tonne while the three months quotation also slid £20 to £504.5.

Copper values also slipped, in spite of a reduction in stocks. Cash wirebars were down £18.5 on the day at £783. Three months metal finished at £802.75, £17.75 a tonne lower than Friday's close, after touching £797 during the morning, the lowest price since January.

The tin market provided the only upswing of the day, with the continuing shortage of nearby supplies of the metal pushing cash prices up £85 to £7,225 at the close. Forward tin, however, followed the general trend, slipping £67.5 to £6,785 a tonne.

Three months zinc continued its week-long slide, losing £17.75 to close at £314.5.

After a sharp fall in the morning, aluminium futures staged a modest recovery in the afternoon but still lost ground on the day. Three months metal closed at £658.5 a tonne, down £11.75.

Dealers said news that Alcan was to resume talks on Wednesday with workers at its three strike-bound smelters in Canada also encouraged selling.

LME officials said they were "content" with warehouse stocks of nickel a week before the start of spot quotations for the metal. Holdings totalling 2,394 tonnes were made up of 576 tonnes of cathodes and 1,818 tonnes of briquettes.

Copper stocks fell 3,700 tonnes to 187,000, zinc holdings were 825 tonnes lower at 61,400 and reserves of silver also slipped by 700,000 to 18.11m troy ounces.

Tin stocks were 550 tonnes higher at 3,075 tonnes, and lead holdings at 22,800 tonnes were up 1,725.

Rubber strike threat lifted

AKRON — The United Rubber Workers' Union and Goodyear said yesterday they had agreed on terms on a new contract, beating a strike deadline which had been set for one minute after midnight last night. Reuter

U.S. growers bid to boost grain sales to the Soviet Union

BY OUR COMMODITIES STAFF

THE CARTER Administration is being pressed by cereal growers to raise the ceiling on the amount of grain the USSR can buy from the U.S. in the new marketing year, starting on October 1.

The purchase of a further 1.5m tonnes of grain and soya beans reported by the U.S. Department of Agriculture at the weekend has brought Soviet purchases for the current year almost to the 15m tonne limit, and the department's analysts also believe that the Russians may already have bought close to the 8m tonne limit set for the new year.

The latest purchases include 625,000 tonnes of soya beans, 600,000 tonnes of maize and 300,000 tonnes of wheat, Reuter reported.

Under an agreement, the Soviet Union is entitled to buy up to 8m tonnes of U.S. grain without referring to Washington. Last year it negotiated an extension to 15m tonnes, and now growers believe it is ready to apply for similar concessions in the new season.

The National Association of Wheat Growers, in a letter to the USDA secretary, Mr. Bob Bergland, said the U.S. had adequate supplies to meet increased Soviet demand.

Pressure has also come from Great Plains Wheat, an independent marketing group, which outlined a plan at a meeting with Mr. Bergland.

Mr. Michael Hall, the group's president, has suggested that next year's allowance be increased immediately to 15m tonnes and that at the next consultations with Moscow, planned for October, the Soviet Union should be offered the option of increasing its imports to between 20m and 22m tonnes.

The USSR has yet to approach the U.S., but with current prices encouraging grain growers elsewhere in the world, it is likely, barring disasters, that there will be ample supplies of grain from other sources in the new season.

Also, the USSR has yet to assess its own grain-growing potential in the new season.

In Melbourne, Sir Leslie Price, chairman of the Australian Wheat Board, said world wheat prices could increase steadily at least until the planting plans of Northern hemisphere growers were known.

Ruling out further increases similar to the recent sharp upsurge, Sir Leslie forecast price fluctuations underpinned by a general upward trend.

Mr. Bergland, however, said wheat prices would generally remain steady between $4 and $5 a bushel. Competition from rice would prevent a dramatic rise, while strong demand would help stop a sharp fall in prices.

UK crops suffer in dry spell

By Our Commodities Staff

SPRING-SOWN cereal crops in Britain, which got off to a bad start in the late spring, are now suffering from the lack of rain, the Ministry of Agriculture reported yesterday.

Potatoes, sugar beet, fodder crops and grassland would also be helped by a break in the fine weather.

While spring cereals are affected, the winter-sown acreage is now almost ready for harvest. Pest and disease levels in grain crops are reported to be low.

The dry weather has also encouraged a plague of greenfly, particularly in the south east of the country.

This pest, which can carry virus diseases into growing crops, has been coming into Britain from northern Europe in record numbers, the National Farmers Union said.

Thai tapioca exports fall

BANGKOK — Thai tapioca exports dropped during the first half of 1979 to 2.50m tonnes from 3.17m in the same part of 1978.

Holland was the largest importer, taking 1.55m tonnes against 2.24m in the same period of last year.

Belgium took 355,000 tonnes, France 197,000, and West Germany 168,000 tonnes.
Reuter

Cattle cutbacks hit hide trade

BY OUR COMMODITIES STAFF

WORLD SHORTAGES of animal hides will worsen as slaughterings of cattle fall again this year, the Commonwealth Secretariat says in its latest report on the market.

This year the U.S. is expected to produce 4.5m fewer cattle hides as slaughterings fall a further 10 per cent. Killings have dropped for three consecutive years following the 1976 peak in output.

Output in Canada, which fell 11 per cent last year, is forecast to drop a further 12 to 15 per cent this year, while skin sales from Australia and New Zealand may also fall.

The secretariat notes, however, that the "liquidation" phase of the cattle cycle is now over and in all the major beef producing countries farmers are starting to rebuild their herds.

In Britain, hide prices have been easing steadily for some weeks, although they are still 50 to 80 per cent higher than a year ago.

Tanners and leather manufacturers have reduced their stocks and are reported to be buying only enough skins for their immediate needs.

Foreign interest at the British auctions, which was largely blamed for the rapid rise in prices last year, has been stifled by the strength of sterling.

Traders are monitoring buying by the Soviet Union, but they say the quantities being exported are small and at present levels this trade is unlikely to have any dramatic effects on prices.

The high cost of leather is still having a marked impact on shoe prices in Britain. In May, whoesale footwear prices—including products made from materials other than leather—were about 4 per cent higher than in April and almost 20 per cent higher than a year earlier.

Finished leather for footwear manufacture was 50 per cent dearer than in May 1978.

Brazil stops coffee exports

BY RICHARD MOONEY

COFFEE FUTURES prices rallied strongly on the London market yesterday afternoon in response to news that Brazil had suspended export registrations.

In the morning values fell sharply, following through last Friday's closing trend in New York which had left nearby prices the permissible limit lower. The September position slipped to £1,755 a tonne at one stage before closing £2 higher at £1,839.5 a tonne.

Dealers noted that announcements that exports had been suspended in El Salvador and Mexico had little impact on market sentiment.

But the market picked up sharply when the Brazilian Coffee Institute announced early in the afternoon that export registrations had been suspended until further notice. An IBC spokesman said the decision was in response to falling prices on the world market.

Trade sources in Rio de Janeiro noted that the IBC had fulfilled its 3m bags (60 kilos each) export objective for the third quarter of this year.

The move was not entirely unexpected, having been suggested, but subsequently denied, in market talk last Friday. But as late as yesterday morning an IBC spokesman stated that Brazil had "no intention" for the time being of closing export registrations.

The IBC spokesman said the decision was taken duirng a meeting of Institute directors. Trade sources thought the IBC believed there was no technical reason for the world market to be declining as it was as there was no excess of supply. They thought the Institute might keep registrations closed through July, August and September.

London dealers said the market was very nervous earlier on because of fears of possible consumption cutbacks following recent wholesale price increases.

Prices had moved back to the levels ruling before the outbreak of frost at the end of May, they noted. Continued lack of roaster buying and further reports of stable temperatures in Brazil had encouraged the easier trend, they said.

Confidence at cocoa talks

GENEVA—Mr. Anthony Hill, chairman of the United Nations Conference on Cocoa, told delegates here yesterday he could assure them a new international agreement would be reached within 10 working days, reports Reuter.

Mr. Hill, Jamaican ambassador to the UN Geneva office, told the conference: "I am confident that we shall have an agreement within the allotted time."

This is the second attempt to renegotiate the agreement reached in 1975. The first UN negotiating conference was adjourned on February 23 amid disagreement over the levels at which market prices should be stabilised.

The new session is officially due to last two weeks but a further week could be taken, if necessary.

The 1975 accord expires on September 30 this year.

The pact aims to stabilise prices within an agreed range through a buffer stock buying and selling cocoa at fixed price levels.

Soya 'glut' in Europe

UNEXPECTEDLY large Argentine soyabean exports have led to a glut in Europe, causing a back-up of U.S. and Brazilian supplies at European ports and oilmills, Oil World, the Hamburg-based publication reported.

Argentina exported 313,200 tonnes of soyabeans in the week ended July 4, making a record total for June of 895,000 tonnes against 458,000 in May.

This brought total exports in the past three months to 1.4m tonnes compared with 595,000 tonnes in the same period last year.

The paper added that East Europe, excluding Albania and the USSR, is again expected to be a net exporter of oils and fats in the current season after achieving this position last year for the first time since 1945.

The region is expected to export around 40,000 tonnes net this season compared with 66,000 tonnes in 1977-78.

The main reason is an average annual increase in domestic production of 110,000 tonnes since 1973.

Although net exports of sunflower oil are expected to rise to 132,000 tonnes this season, from 119,000 last season, this is likely to be partly offset by large net imports of soyabean oil, rising to 71,000 tonnes from 61,500m.

Total East Europe oils and fats production in 1978-79 is estimated at 3.09m tonnes, against 3.01m in 1977-78, with exports at 448,900 against 450,900 and imports at 409,200 against 384,900 tonnes. Reuter

Rice output up

BANGKOK — Thailand's paddy production during the 1978-79 season increased to 17.2m tonnes from 13.9m the previous season. Thailand has a carry-over of 2m tonnes of paddy from the previous season, and exports are forecast to be 2.3m tonnes this year — 300,000 more than target.
Reuter

Phosphate deal

By Our Own Correspondent

AMMAN—Bulgaria has agreed to buy 500,000 tonnes of raw phosphate rock from Jordan over the next three years. Last year Bulgaria took 82,000 tonnes but no shipments are planned this year.

Last year five states in East Europe took one-third of Jordan's phosphate exports.

Plan to speed Canadian cereals shipments

BY VICTOR MACKIE

OTTAWA—Foreign buyers are eager and prices are 50 per cent higher than a year ago, but Canadian grain exports are likely to drop 10 per cent this year due to long-standing transportation problems in Western Canada.

Federal grain officials estimate Canada could pass up an estimated C$400m to $500m or more in sales because grains—the country's third most valuable export—cannot get to buyers fast enough. The problem is railcar shortages, grain terminal under-capacity at West Coast ports and ageing rail equipment and track.

Mr. Don Mazankowski, minister responsible for the Canadian Wheat Board, and officials are now assessing a proposal from three prairie trucking associations to ease transportation tie-ups by using trucks instead of rail cars to move grain from country elevators to inland terminals.

The truckers suggest sidestepping the contentious issue of rail branch line abandonment by leaving the disputed lines intact during a two-year test of the alternative costs between rail and trucks on short-haul grain shipments.

Grain transportation officials said here it will take several weeks to evaluate the proposal in terms of cost, potential grain shipments and trucking rates. Officials say only small volumes could be shipped at best, compared with rail box cars and hopper grain cars on the railway.

In 1973-74 trucks shipped about 10m bushels of grain to inland terminals on an emergency basis at a rate of 10 to 12 cents per ton per mile. Current trucking costs would certainly be higher.

By comparison, the railways are legally obliged to carry grain for export at one-half cent a ton mile—the "crows nest pass" rate which dates back to the last century. While the railways receive a subsidy of C$63m their uncompensated losses are put at close to C$200m a year.

If the truck haul experiment was launched this autumn it would be at the same time as the Government has added another 2,000 hopper railway cars at a cost of C$42,000 each to its current hopper car fleet of 8,000.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Down again on the London Metal Exchange as a further heavy fall in lead prompted renewed stop-loss selling, selling against options and long liquidation. Forward metal opened around the £819 but quickly fell away to the day's low of £797 on the pre-market. Thereafter, however, the price ...

Cathodes, cash £782, three months £783. Kerb: Wirebars, three months £806, 8, 7, 8, 9, 10, 11, 10, 9, 8.

TIN—Lower for forward metal as a fall in the Penang market and a rise in warehouse stocks saw the price dip from £6,800 at the opening to around £6,780 in the morning rings. However, the continuing tight nearby supply situation and covering against American ...

... speculative and stop-loss selling depressed forward metal to the day's low of £493 in the morning rings. In the afternoon the market steadied with forward metal finally £504.5 on the late kerb. Turnover 11,725 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cathodes				
Cash	761.5	—12	781.5	—18.5
3 months	784.5	—12	783.5	—18
Settlem't	783	—12	—	......
U.S. Smt	—	......	—	—87

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	7250-60	—11	7200-50	......
3 months	6785-90	—82.5	6780-90	—67.5
Settlem't	7290	—10	—	......
Straits E.	$1960	—15	—	......
New York	—	......	—	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £784, three months £798, 97, 97.5, 98, 99, 800, 1, 2, 3, 4, 5, 4, 3.5. Cathodes, three months £786, 84. Kerb: Wirebars, three months £801, 800, 799.5. Afternoon: Wirebars, three months £803, 2, 1, 800, 799, 800, 3, 2, 3, 2.5.

Morning: Standard, cash £7,290, 7,300, 7,280, 85, three months £6,780, 90, 85. Kerb: Standard, three months £6,790. Afternoon: Standard, three months £6,785, 90. Kerb: Standard, three months £6,840, 30, 20.

LEAD—Fell heavily for the sixth successive trading day as renewed ...

COCOA

Cocoa futures initially eased to new contract lows before light short-covering caused prices to steady at the close of the day, reported Gill and Duffus.

RUBBER

The London physical market opened easier. Good interest throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 233 nominal (236) cents a kilo (buyer, August).

PRICE CHANGES

In tonnes unless otherwise stated

COFFEE

SUGAR

GRAINS

SILVER

WOOL FUTURES

JUTE

MEAT/VEGETABLES

SOYABEAN MEAL

TEA AUCTION

COTTON

AMERICAN MARKETS

NEW YORK, July 16.

THE MARKET reaction to President Carter's message was quick and consistent—traders did not discover any new or significant substance. Precious metals rose sharply with silver locked limit up. Copper, after establishing new lows, attracted heavy trade buying for net major gains. Grains and soyabeans closed mixed on moisture ...

Pork Bellies—July 37.25-37.70 (38.15-37.47), Aug. 34.25-34.00 (33.25-34.12), Feb. 46.45-46.15, March 45.75-45.80, May 46.25 bid-46.80, July 47.20, Aug. 46.00. Sales: 7,218.

Silver—July 929.0 (901.5), Aug. 924.5 bid (904.5), Oct. 937.7 bid, Dec. 950.6 bid, Feb. 963.2 bid, April 974.8 bid, June 986.6 bid, Aug. 998.6 bid, Oct. 1010.8 bid, Dec. 1023.2 bid, Feb. ...

EUROPEAN MARKETS

ROTTERDAM, July 16.

... wheat, 13.5 per cent, Aug. $303.50. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat Aug. $196, Sept. $198. U.S. No. 2 Northern Spring wheat, 14 per cent, July $199.75, Aug. $198.50, Sept. $199.75, Oct. $202.50, Nov. $204.50.

Maize—U.S. No. 3 Corn Yellow afloat $153.50, July $153.50, Aug. $155, Sept. $156, Oct.-Dec. $159, Jan.-March $165.50, April-June $167.50.

Soyameal—44 per cent protein U.S. afloat $238, July $242, Aug. $250, Sept. 255, Nov.-March $260. Brazil Pellets ... Expellers Argentine/Uruguay 37/38 afloat $267, July $268, Aug. $275, Sept. $280, Oct. $288, Oct.-Dec. $290, Jan.-March $275. Sunflower Seed Meal Pellets Argentine/Uruguay 37/38 July $196, Aug. $196, Sept. $200, Oct. $203, Aug.-Dec. $202. Cornglulton Feed Pellets U.S. 23/24 July $188, Aug. $190, Sept.-Dec. $200, Jan.-March $206.

PARIS, July 16.

Cocoa (FFr per 100 kilos)—July 1320-1360, Sept. 1355-1360, Dec. 1401-1409, March 1440-1455, May 1475, July unquoted. Sales 5.

INDICES

FINANCIAL TIMES

July 13	July 12	M'nth ago	Year ago
287.54	289.90	301.77	238.85

(Base: July 1, 1952=100)

MOODY'S

July 13	July 12	M'nth ago	Year ago
1083.3	1082.7	1105.4	913.7

(December 31, 1931=100)

DOW JONES

Dow Jones	July 13	July 12	Month ago	Year ago
Spot	408.80	408.61	423.81	350.32
F'tur's	420.78	421.26	489.31	340.15

(Average 1924-25-26=100)

REUTERS

July 16	July 13	M'nth ago	Year ago
1561.2	1572.3	1637.0	1430.7

(Base: September 18, 1931=100)

S. African: 32/64 3.60-5.10; Jamaican: 27/56s 4.20-6.00. Apples—S. African: Granny Smith 7.00-7.30, White Winter Pearman 2.60-2.80 Starking 3.50-4.50, Yorks 5.50-6.00, Golden Delicious 5.40-6.80; New Zealand: Red Dougherty 7.40-7.70, Granny Smith 7.20-7.50, Sturmers 5.20-6.50, Delicious 6.40; Tasmanian: Jonathans 5.60, Golden Delicious 4.00, Sturmer Pippins 5.80-6.20, Crofton 6.70-7.00, Granny Smith 6.50; Victorian: Granny Smith 7.40, Democrats 7.00; W. Australian: Granny Smith 7.40; Washington Red Delicious per box 8.00-9.00; French: Golden ...

English produce: Potatoes—New crop per bag 2.00-2.20. Lettuce—Per 12 round 1.40-1.60, Cos 1.70, Webbs 1.60. Mushrooms—Per lb 0.55-0.60. Apples—Per lb Bramley 0.06-0.09. Rhubarb—Per lb outdoor 0.03-0.04. Tomatoes—Per 12 lb 1.80-2.00. Cucumbers—Trays 8/18s 1.40-1.80, prepack 2.20-2.40. Cauliflowers—12s Lincoln 2.40-3.00. Celery—Boxes 12/30s 1.50-1.60. Strawberries—Per ½ lb 0.15-0.25. Gooseberries—Per lb 0.14-0.16, Levellers 0.20-0.25. Cherries—Per lb 0.35-0.45. Peas—Per lb 0.08. Broad Beans—Per lb 0.08. Onions—Per bag 5.40-5.50. Carrots— ...

June trade figures greeted favourably in markets

30-share index rises 4.1 to 470.7—Gilts also higher

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun. 18	Jun. 28	Jun. 29	July 10
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7
July 30	Aug. 9	Aug. 10	Aug. 21

* "New time" dealings may take place from 9.30 am two business days earlier.

First reactions in stock markets yesterday to the June current account surplus of £61m were favourable and leading shares extended earlier gains by a few more pence. Government stocks also improved on their 3.30 pm levels, but the headway was rescinded following the subsequent announcement that after making allowances for various distortions the June current account was in deficit by some £300-£400m.

Prior to the trade figures, business in both equities and the funds had again been slow with special situations providing the features. Unigate were surprisingly suspended pending a statement today when the group's annual results should also be announced; the move naturally aroused speculation and one of the stronger possibilities mentioned was a merger or deal with the U.S.-based Heinz regarding the latter's UK interests.

Speculative hopes of a possible offer for Decca were whetted by the Philips' bid for the outstanding minority interest in Pye, which jumped 50 to 166p. Meanwhile, the clearing banks featured prominently following Press estimates of a likely 50 per cent increase in interim profits and all the big four made double-figure gains; Lloyds start the season on Friday.

Measuring a slightly cautious air at the opening to the new trading Account, the 30-share index was marginally easier at the first calculation and, although leading issues often closed a touch off the best, it ended 4.1 up at the day's highest of 470.7.

Gilt-edged securities were encouraged by a light demand in the wake of the stronger rate for sterling and held gains of ¼ or so to the official close. Receipt of the June trade returns immediately prompted a fresh improvement but this was eventually lost and quotations reverted to their 3.30 pm levels. Especially notable were selected low-coupon shorts which, in clean form, established gains extending to a full point, as in Exchequer 3 per cent 1981 at 89¾.

A less nervous investment currency market saw rates recover from Friday's lower levels despite the strength of sterling and the premium closed nearly a point higher on the day at 27¾ per cent, an effective rate of about 9½ per cent. Yesterday's SE conversion factor was 0.9127 (0.9202).

For the second Monday in succession, activity in Traded options sunk to meagre proportions. Only 238 contracts were completed, compared with last Monday's 268 and last week's daily average of 490.

Banks strong

Comment on dividend potential ahead of the interim dividend season which Lloyds starts on Friday helped the major clearing banks attract a useful demand which left double-figure rises. Barclays led the advance with a gain of 15 to 485p and NatWest put on 12 to 370p, while Lloyds and Midland added 11 apiece to 347p and 377p respectively. Elsewhere, Standard Chartered were favoured at 475p, up 15, but Alexanders Discount, following the gloomy interim statement, reacted 8 to 250p. Merchant banks encountered selective support with Wintrust notable for a rise of 5 to 85p. Goode Durrant and Murray hardened 1½ to 22p and Antony Gibbs put on 3 to 46p. Provident Financial advanced 5 to 93p among Hire Purchases.

News of the first-half loss and omission of the interim dividend further unsettled the recently troubled Brentnall Beard and the shares fell to a 1979 low of 14p before rallying late to close unchanged at 16p. Hogg Robinson hardened 2 to 94p in front of today's preliminary results.

Leading Breweries traded aimlessly, and although initial firmness followed the trade figures, lack of follow-through support left most prices at overnight levels. Secondary issues, however, provided a few bright spots; Amalgamated Distilled Products were again in demand, 5 up at 60p, still benefiting from Mr. James Gulliver's stake in the company. Press comment prompted a gain of 2 in Belhaven, 45p, while continuing bid hopes buoyed Sandeman, 4 up at 82p.

Special situations provided the main focal points in Building issues. Steady awaiting the annual results, Montague L. Meyer fell to 89p on the announcement before rallying to close 2 firmer on balance at 95p. Press comment about the company's recent performance prompted a gain of 15 to 275p in Brown and Jackson, while renewed demand in a thin market lifted Derek Crouch 18 to 170p. Royco enjoyed a fair trade on vague bid rumours and put on 4 to 54p and, awaiting today's annual results, H.A.T. firmed 1½ to 28½p.

ICI were marked progressively higher and closed 10 up at 334p. Among other Chemicals, Allied Colloids, annual results today, hardened a penny to 94p, while Alginate added 3 to 370p; publication of the Monopolies Commission's report on the attempted mergers with Merck Incorporated and FMC Corporation is expected a week today.

Peters Stores wanted

Speculative buying fuelled by rumours that Millets Leisure are likely suitors helped Peters Stores put on 8 to 64p. News of the sharp dividend increase and proposed 50 per cent scrip-issue helped Ratners rise 6 to 109p, after 110p, and also prompted a sympathetic improvement of 5 to 240p in H. Samuel "A." Buying ahead of their preliminary statements, due tomorrow and Friday respectively, helped MFI improve 2 to 176p and Wallis rise 4 to 72p. R. and J. Pullmann hardened 3 to 102p in response to an investment recommendation and Bambers revived with a gain of 7 to 133p. In Shoes, a resurgence of speculative demand left Stylo 7 to the good at 136p.

Electricals were featured by a jump of 50p to 166p in Pye Holdings on the agreed offer of 180p per share cash to minority holders from Philips Lamp. Electronic Rentals, in which Philips also has a stake, met demand and put on 8 to 191p, while Decca, an old bid favourite, encountered speculative support and rose 40 to 375p with the "A" a similar amount up at 340p. Ferranti firmed 7 to 405p, while revived demand left Sound Diffusion 5 dearer at 122p xd. Dewhurst and Partner improved a penny to 15½p on the increased dividend and profits. Among the leaders, GEC closed 7 to the good at 355p, while a little support, mainly in the early dealings, left Thorn 6 higher at 406p. Assisted by Press mention, Plessey hardened 3 to 117p.

Leading Engineers showed few signs of life until the late trading when a slightly firmer tendency developed. John Brown closed 6 dearer at 477p and GKN 3 up at 280p, while Hawker hardened a few pence to 190p. Movements in secondary issues rarely exceeded a few pence either way. Occasional support lifted Saville Gordon 4 to 42p while Crown House responded to the annual results with a gain of 2 to 72p, but disappointment with the preliminary figures left Meggitt Holdings 3 down at 29p. Jenks and Cattell closed 5 off at 85p compared with the cash bid worth 81p per share from Armstrong Equipment.

In Foods, Robertson attracted further interest on bid hopes and put on 6 to 153p, while Bernard Matthews gained 13 to 288p in a thin market. Spillers firmed 1½ to 39½p on late demand. Dealings in Unigate were suspended at 82p, up a penny, at the company's request pending an announcement to be made today.

After earlier progress to 202p, Ladbroke became a late weak feature in Hotels and Caterers, dropping to 175p for a net loss of 14 on the refusal of licences for four of its London casino premises. Elsewhere, Brent Walker attracted speculative interest and firmed 5 to 86p.

Rank Org. pleases

Quietly firm miscellaneous Industrial leaders were featured by a late surge of 11 to 222p, after 224p, in Rank Organisation following publication of the better-than-expected first half profits. Elsewhere, Vinten fell 15 to 152p in reaction to the disappointing preliminary results and Jacksons Bourne End lost 15 to 145p on the revelation that Rossminster, which holds a 58 per cent stake in the company and unsuccessfully bid for the rest earlier this year, had its offices visited by the Inland Revenue last Friday.

Maynards dipped 8 to 146p and De La Rue relinquished a like amount to 485p, while William Press, after easing to 21p on adverse Press mention, picked up late to close unaltered at 22½p. Further consideration of the agreed bid from Pentos prompted a rise of 7 to 192p in Caplan Profile, while Pentos hardened a penny to 83p. Favourable Press comment helped I. C. Gas rise 8 to 538p and brought respective improvements of 2½ and 5 in Mentmore, 16½p, and Lep, 305p. Renewed speculative support lifted Hensher "A" 4 to 52p and buying in front of tomorrow's annual figures left Syltone 8 to the good at 198p. G. R. Holdings advanced 11 to 186p and R. K. Watson put on 7 to 127p xd. Despite the reduced earnings, LRC hardened 1½ to 27½p.

Associated Leisure firmed 3 to 100p in response to the satisfactory annual results, while Barr and Wallace Arnold Trust "A" added 4 to 126p folowing weekend Press comment.

Narrowly easier at the outset, Motors and kindred issues steadied following the trade figures and finished slightly firmer on balance. Heron featured Distributors, rising 4 to 55½p in anticipation of the preliminary results today. Fodens, with annual results expected on Thursday, firmed 3 to 47p, while Lotus added a penny to 36p following Press comment. Among Components, speculative interest was again directed towards Flight Refuelling, 14 up for a two-day gain of 19 to 212p. Dowty, on the other hand, shed 3 to 294p in front of today's results.

Although trade in Properties was at a low ebb, the trend was described as firm with MEPC improving 3 to 179p and Great Portland Estates adding 4 to 310p xd. Hammerson "A" gained 10 to 335p, while Press comment prompted a rise of 3 to 75p in British Land and lifted Town and City 2½ to 20½p xd. Occasional support was forthcoming for selected speculative counters and Property Partnerships added 11½ to 160p xd.

Oils quiet

Oils had a quiet day's trade, but British Petroleum edged higher to close 18 up at 1,255p xd, while Shell ended unaltered at 364p, after being down to 360p in the early dealings. Outside the leaders, a late flurry of demand left Oil Exploration 18 higher at 340p, while moves to develop the Brae Field in the North Sea stimulated occasional interest in Siebens (UK) which firmed 8 to 238p.

The majority of movements in Trusts were limited to a few pence either way, but Kellock, up 7 at 97p, stood out in Financials.

Shippings encountered fresh buying interest, but the overall trend was irregular. Common Bros. put on 7 to 202p and Hunting Gibson 15 to 275p, while Reardon Smith "A" hardened 1½ more to 74½p. On the other hand, P. and O. Deferred turned dull at 100p, down 2½.

Tricoville, a weak market last week following the withdrawal of the partial bid from Damatex, rallied 4 to 78p.

Golds improve

A $4.75 rise in the bullion price to a record $292.875 an ounce — against the background of a weaker dollar — led to renewed buying of South African Golds.

Prices edged higher throughout the day with American buying in the late trade adding impetus to the market. The Gold Mines index put on 1.8 to 160.6 while the ex-premium index rose 0.5 to 146.6.

Among the heavyweight issues, gains extended to ¾ as in Randfontein, £26, Free State Geduld, £12¾ and Western Holdings, £17, while medium- and lower-priced stocks showed East Driefontein 20 firmer at 631p and West Rand Consolidated 15 higher at 152p. Harmony put on 9 to 397p in front of the increased profits in the June quarter.

The strength of Golds helped sentiment in South African Financials where UC Investments added 10 at 240p, Anglo American 5 at 331p and De Beers 4 at 350p.

In the London-registered Financials Charter were a fraction easier at 130p, ex-dividend, in front of the annual report which is expected tomorrow.

Elsewhere, Mincorp advanced 10 to 104p following the sharp gain of 28 to 415p in Burnett and Hallamshire; the latter is currently bidding for Mincorp.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	166	—	180	2	217	—	1256p
BP	1150	108	7	137	—	—	—	"
BP	1200	58	1	113	1	147	—	"
BP	1300	5	—	50	5	100	6	"
Cons. Gold	240	1	—	11	—	22	1	216p
Cons. Gold	280	¼	—	3	—	7	3	"
Courtaulds	90	1	10	5½	25	9	—	86p
GEC	330	28	25	47	—	65	—	356p
GEC	390	1	—	15	—	34	1	"
Grand Met.	178	¼	—	2½	6	7½	5	159p
ICI	330	8	—	21	8	29	—	334p
ICI	360	½	—	8	6	17	—	"
ICI	390	½	—	3½	1	8	10	"
Land Secs.	300	2½	10	20	2	32	—	295p
Marks & Sp.	100	15	—	16	6	—	—	112p
Marks & Sp.	110	3½	—	12	—	16	3	"
Marks & Sp.	130	¼	12	3½	—	8	—	"
Shell	350	16	5	32	—	38	—	364p
Shell	375	4	—	15	6	26	—	"
Shell	400	½	—	9	—	19	1	"
Totals			68		64		30	
		August		November		February		
Boots	200	6	—	15	—	18	15	198p
EMI	90	14	—	19	—	26	1	102p
EMI	110	5	4	10	—	14	—	"
EMI	130	1	—	5	4	—	—	"
Imperial Gp.	90	5	25	8½	—	13½	—	92p
RTZ	260	18	—	32	2	40	—	265p
RTZ	280	10	—	23	2	31	—	"
RTZ	300	4	6	16	1	22	—	"
RTZ	360	¾	—	4	17	—	—	"
Totals			54		26		16	

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
NatWest Bank ...	£1	9	370	+12	406	278
Mentmore Manf.	5p	8	16½	+ 2½	17	13½
Shell Transport...	25p	8	364	—	402	278
ICI	£1	7	334	+10	415	323
Midland Bank ...	£1	7	377	+11	455	348
BAT Inds.	25p	6	267	+ 2	362	255
GEC	25p	6	355	+ 7	456	311
Lloyds Bank	£1	6	347	+11	360	272
MFI Furniture ...	10p	6	176	+ 2	178	54
Town & City Pps.	10p	6	20½	+ 2½	21	14
Barclays Bank ...	£1	5	485	+15	514	360
BP	£1	5	1,255	+18	1,295	882
Commercial Un.	25p	5	141	+ 2	185	139
Ladbroke	10p	5	175	—14	243	167
RTZ	25p	5	267	— 1	362	226

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13

For rate indications see end of Share Information Service

Money was given for the call in Cons. Gold Fields, A. Kershaw, Town and City, Burmah, Spillers, De Beers Dfd., L.R.C., William Press, Laurence Scott, Bracken Mines, ICI, Wagon Finance, Ladbroke, Amalgamated Distilled Products, Attock Oil and Grand Met. No puts were done, but double options to be arranged included Burmah, Lofs and Britannia Arrow.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or —	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	81	76	B & Q (Retail) 5p	80	[illegible]	[illegible]	[illegible]	[illegible]	17.8
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Fairline Boats	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.9
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Fulcrum Inv. Income	[illegible]	[illegible]	[illegible]	[illegible]	11.7	—
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Do. Capital 1p	[illegible]	[illegible]	—	—	—	—
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Malay'n Pl's Berhad	[illegible]	[illegible]	[illegible]	[illegible]	7.3	—
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Mettoy Dfd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Phicom 10p	[illegible]	[illegible]	[illegible]	[illegible]	6.8	16.6
160	F.P.	[illegible]	186	178	StandardTel.&Cables	[illegible]	[illegible]	[illegible]	[illegible]	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price	+ or —
[illegible]	Nil	[illegible]	[illegible]	[illegible]	English & Overseas Inv. Conv.	[illegible]	[illegible]
100	F.P.	27/7	[illegible]	[illegible]	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	[illegible]	—2
100	F.P.	20/7	[illegible]	[illegible]	Marsh'l's Univ'ty 11% Cnv.Cum.Red.Prf.	[illegible]	—½
100	F.P.	30/8	[illegible]	[illegible]	Portsmouth Water 8% Red. Prf. 1984	[illegible]	[illegible]
¶98	£10	[illegible]	[illegible]	[illegible]	Sund. & S. Shields Water 8% 1986	[illegible]	[illegible]
¶98	£10	[illegible]	[illegible]	[illegible]	Wrexham Water 8% 1984	[illegible]	[illegible]
[illegible]	F.P.	23/8	[illegible]	[illegible]	York Water 12% Deb 1986	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or —
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Causton Sir (J.)	[illegible]	—½
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Century Oils	[illegible]	+5
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Combined English Stores	[illegible]	+1
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Control Securities	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Elliott (B.)	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Geevor Tin	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Goldberg (A.)	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Grand Metropolitan	[illegible]	+½
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Hargreaves	[illegible]	+2
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Highland Dist.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Holt Lloyd Intl.	[illegible]	+1
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Intl. Timber	[illegible]	—1
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	MEPC	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	McCorquodale	[illegible]	—1
85	F.P.	[illegible]	[illegible]	[illegible]	P.M.A. Holdings	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Peterson Tannent	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Scotcros	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Simon Engineering	[illegible]	+5
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Sound Diffusion	[illegible]	+7
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Stylo Shoes	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	UBM	[illegible]	[illegible]
87	F.P.	13/7	[illegible]	[illegible]	W.G.I.	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FINANCIAL TIMES STOCK INDICES

	July 16	July 13	July 12	July 11	July 10	July 9	A year ago
Government Secs...	72.44	72.34	72.90	72.95	73.20	73.08	70.50
Fixed Interest	73.95	74.21	74.66	74.72	74.74	74.75	71.49
Industrial	470.7	466.6	469.8	468.6	475.7	458.7	479.3
Gold Mines.........	160.6	158.8	165.4	161.8	163.2	163.0	161.3
Gold Mines(Ex-$ pm)	146.6	146.1	148.3	147.5	150.0	152.5	108.9
Ord. Div. Yield	6.67	6.73	6.70	6.69	6.61	6.70	5.55
Earnings, Yld. % (full)	16.78	16.92	16.81	16.77	16.59	16.80	16.85
P/E Ratio (net) (*)	7.54	7.48	7.52	7.54	7.62	7.53	7.92
Total bargains	14,597	16,770	15,075	15,962	16,023	16,217	—
Equity turnover £m	—	89.28	67.80	70.73	53.99	52.36	68.07
Equity bargains total	—	12,545	11,639	12,872	12,741	11,024	14,764

10 am 466.0. 11 am 466.1. Noon 466.7. 1 pm 467.7. 2 pm 467.9. 3 pm 468.7.

Latest Index 01-246 8026.

* Nil=7.23.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity, July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91	64.64	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76	66.03	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6	446.1	558.6	49.4 (26/6/40)
Gold Mines	208.4	129.9	442.3	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5	95.2	337.1	54.3 (26/6/76)

S.E. ACTIVITY

	July 16	July 13
—Daily		
Gilt Edged...	132.2	116.2
Industrials...	117.6	133.2
Speculative...	[illegible]	[illegible]
Totals...	[illegible]	[illegible]
5-day Av'rge		
Gilt Edged...	[illegible]	[illegible]
Industrials...	[illegible]	[illegible]
Speculative...	[illegible]	[illegible]
Totals...	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (39)

BRITISH FUNDS (1)
Treasury 3pc '79

BEERS (2)
Amal. Distilled Sandeman

BUILDINGS (3)
Burnett & Hllmshire Royco
Crouch (D.)

STORES (4)
Goldberg (A.) Peters Stores
Hardy (Frnshrs.) A Ratners

ELECTRICALS (2)
Pye Hldgs. Sound Diffusion

ENGINEERING (2)
Birmingham Mint Utd. Engineering
Jones & Shipman

FOODS (2)
Matthews (B.) Pork Farms

INDUSTRIALS (3)
G.R. (Hldgs.) Hensher A
Goodkind (W.)

MOTORS (1)
Flight Refuelling

PROPERTY (1)
Daris Estates

SHIPPING (2)
Hunting Gibson Runciman (W.)

SHOES (1)
K Shoes

TRUSTS (2)
Kellock Do. Conv. Ln.

OILS (1)
Oil Exploration

MINES (1)
Mincorp

NEW LOWS (67)

AMERICANS (2)
I.B.M. Corp. Xerox
Kaiser Aluminium

CANADIANS (3)
Inco Trans. Canada Pipe
Inland Nat. Gas

BANKS (1)
Sturla

BUILDINGS (3)
Cement-Roadstone Lafarge S.A.
Jarvis (J.)

STORES (3)
Ramar Textiles Sharman (S.)
S. & U. Stores

ENGINEERING (11)
Birmingham Pallet Edbro
Boulton (Wm.) IMI
Castings Locker (T.) A
Clifford (C.) 600 Group
CompAir Stone-Platt
Desoutter Bros.

FOODS (1)
Brooke Bond

INDUSTRIALS (11)
Avon Rubber Unilever
Davies & Newman Unilever N.V.
Dunedin Williams (J.)
Dyson (J. & J.) Wood Hall
[illegible] Spear (J.W.)

[illegible]
Brentnall Beard

LEISURE (1)
Howard & Wyndham

MOTORS (4)
[illegible]

PAPER (1)
[illegible]

TEXTILES (2)
[illegible]

TRUSTS (15)
[illegible]

OVERSEAS TRADERS (2)
[illegible]

MINES (4)
[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds ...	6	9	50
Industrials	279	258	878
Financial and Prop.	104	102	300
Oils	72	11	16
Plantations	6	5	20
Mines	45	32	57
Others	28	67	55
Totals	561	482	1,400

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 16, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., July 13 Index No.	Thurs., July 12 Index No.	Wed., July 11 Index No.	Tues., July 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	239.99	+0.4	17.75	5.83	7.34	238.93	240.85	240.29	243.06	218.17
2	Building Materials (27)	221.12	+0.1	18.56	5.91	7.08	220.87	221.94	222.31	224.02	194.64
3	Contracting, Construction (28)	351.33	+0.2	25.97	5.94	4.82	350.69	355.47	355.93	358.31	342.44
4	Electricals (15)	580.36	+1.4	13.44	4.00	10.22	572.55	576.19	573.60	584.64	474.55
5	Engineering Contractors (12)	376.73	—0.7	19.24	6.18	6.66	379.35	379.58	378.66	379.99	320.71
6	Mechanical Engineering (74)	178.03	—	18.45	6.37	7.02	178.07	179.98	179.65	181.61	174.95
8	Metals and Metal Forming (16)	165.63	+0.4	19.49	9.04	6.40	165.03	166.76	165.57	166.97	165.34
11	CONSUMER GOODS (DURABLE) (52)	226.22	+1.8	16.04	5.04	7.92	222.29	224.83	225.84	228.29	198.98
12	Lt. Electronics, Radio, TV (16)	311.12	+2.5	12.69	3.84	10.47	303.50	306.59	308.17	311.55	236.01
13	Household Goods (12)	157.00	+0.3	19.33	7.25	6.37	156.56	157.42	159.36	159.09	176.09
14	Motors and Distributors (24)	113.74	+0.4	23.01	7.29	5.27	113.27	115.03	115.18	116.72	124.92
21	CONSUMER GOODS (NON-DURABLE) (171)	231.18	+0.5	16.60	5.94	7.60	230.13	232.08	232.05	234.46	204.55
22	Breweries (14)	271.32	+0.1	16.44	5.57	7.18	271.08	273.83	274.20	276.65	224.81
23	Wines and Spirits (6)	306.77	+0.7	15.17	4.69	9.61	304.75	306.18	305.98	308.17	263.67
24	Entertainment, Catering (17)	305.95	+0.7	16.26	6.63	8.10	303.92	309.41	312.05	319.08	252.20
25	Food Manufacturing (19)	201.90	+0.5	19.60	6.41	6.34	200.92	202.52	202.22	203.18	198.12
26	Food Retailing (15)	290.52	—0.1	12.08	4.11	10.29	290.75	292.52	292.99	295.22	207.91
32	Newspapers, Publishing (12)	412.10	—0.7	22.79	7.06	6.18	414.92	418.26	420.60	421.87	395.49
33	Packaging and Paper (15)	123.10	+0.6	23.88	9.05	5.43	122.43	123.14	123.27	125.71	135.66
34	Stores (41)	239.00	+0.5	11.85	4.13	11.29	237.88	238.47	237.24	239.30	187.96
35	Textiles (23)	157.13	+1.8	23.04	9.68	5.53	154.40	156.40	155.95	158.09	180.30
36	Tobaccos (3)	234.38	+0.4	24.48	9.49	4.64	233.39	238.18	239.82	243.07	248.55
37	Toys and Games (6)	68.48	—0.1	33.26	9.84	3.61	68.57	70.37	70.18	69.88	108.24
41	OTHER GROUPS (99)	199.27	+0.9	16.06	6.24	7.68	197.43	197.65	197.36	199.49	200.63
42	Chemicals (18)	275.62	+2.1	18.41	6.99	6.34	269.94	269.63	269.48	273.26	290.67
43	Pharmaceutical Products (7)	215.02	+0.4	13.04	5.08	9.37	214.11	223.30	213.55	214.31	262.14
44	Office Equipment (6)	122.04	+3.4	16.79	6.44	7.51	117.97	118.52	118.62	121.18	130.57
45	Shipping (10)	463.76	—0.6	10.14	6.53	13.21	466.55	460.15	453.83	456.25	405.24
46	Miscellaneous (58)	238.03	—	16.43	6.05	7.86	238.03	239.85	239.45	241.96	207.83
49	INDUSTRIAL GROUP (494)	232.34	+0.7	16.72	5.92	7.57	230.82	232.41	232.26	234.77	213.51
51	Oils (6)	681.70	+0.4	11.65	4.94	9.13	678.66	683.21	695.35	692.00	499.12
59	500 SHARE INDEX	268.37	+0.6	15.78	5.73	7.82	266.72	268.55	264.29	271.40	237.22
61	FINANCIAL GROUP (116)	191.39	+1.6	—	5.31	—	188.36	189.18	189.34	191.91	166.68
62	Banks (6)	244.27	+3.1	27.26	4.75	4.74	236.90	236.03	234.90	238.47	193.51
63	Discount Houses (10)	262.73	—0.9	—	6.98	—	265.03	265.84	264.83	265.04	203.10
64	Hire Purchase (5)	163.82	+0.9	20.28	5.30	6.35	162.37	163.94	164.33	166.52	154.85
65	Insurance (Life) (10)	151.87	+1.5	—	6.69	—	149.59	151.45	151.47	153.28	137.30
66	Insurance (Composite) (8)	121.33	+1.2	—	7.44	—	119.89	120.71	122.06	124.25	127.65
67	Insurance Brokers (10)	240.57	+0.5	20.81	7.62	6.87	239.33	243.16	243.39	248.95	339.50
68	Merchant Banks (14)	97.47	+0.4	—	5.67	—	97.08	97.53	97.69	97.98	88.28
69	Property (43)	348.79	+0.7	3.04	2.57	50.16	346.41	349.40	349.64	353.55	237.69
70	Miscellaneous (10)	121.83	+2.2	15.27	7.32	8.39	119.27	119.22	118.88	118.02	105.58
71	Investment Trusts (110)	205.86	—0.3	—	5.44	—	206.40	207.94	208.73	209.38	221.04
81	Mining Finance (4)	115.78	—0.6	16.97	6.53	7.14	116.45	117.61	117.30	119.03	99.51
91	Overseas Traders (20)	331.71	—0.1	16.39	7.50	7.47	331.87	333.98	334.35	337.20	317.08
99	ALL-SHARE INDEX (750)	245.72	+0.7	—	5.70	—	244.00	245.59	246.17	248.31	219.11

FIXED INTEREST PRICE INDICES

	British Government	Mon., July 16	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.07	+0.16	0.10	4.94
2	5-15 years	116.04	+0.29	0.27	6.08
3	Over 15 years	122.45	+0.37	0.65	7.94
4	Irredeemables	136.94	—	—	7.24
5	All stocks	113.94	+0.27	0.33	6.31

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Mon., July 16	Fri., July 13	Year ago (approx.)
1	Low Coupons	5 years	10.37	10.45	8.82
2		15 years	10.82	10.87	10.97
3		25 years	11.27	11.29	11.65
4	Medium Coupons	5 years	12.36	12.41	11.59
5		15 years	12.38	12.43	12.20
6		25 years	12.33	12.37	12.25
7	High Coupons	5 years	12.63	12.69	11.70
8		15 years	12.71	12.76	12.68
9		25 years	12.65	12.70	12.88
10	Irredeemables		10.73	10.73	11.67

		Mon., July 16 Index No.	Mon., July 16 Yield %	Fri. July 13	Thurs. July 12	Wed. July 11	Tues. July 10	Mon. July 9	Fri. July 6	Thurs. July 5	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	57.34	12.96	57.28	57.52	57.56	57.58	57.56	57.65	57.88	56.94
16	Investment Trust Prefs. (15)	52.16	13.20	52.09	52.09	52.09	52.09	52.09	51.47	51.47	51.51
17	Coml. and Indl. Prefs. (20)	70.06	12.74	70.18	69.89	69.85	69.86	69.85	69.61	70.62	70.04

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050
Minster July 2 ... 39.2 41.2xd ... 6.13
Exempt June 29 ... 104.4 108.4 ... 6.18

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222-8177
MLA Units ... 54.8 57.6 ... 3.68

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521
MJ European ... 68.6 73.0 ... 4.24
Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803
Mutual Sec. Plus ... 51.8 55.2 −0.1 7.60
Mutual Inc. Tst. ... 72.5 76.8 −0.4 7.80
Mutual Blue Chip ... 45.8 49.3 −0.2 6.89
Mutual High Yld. ... 57.1 61.4 −0.3 9.23

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555.
Income July 4 ... 166.2 172.4 ... 5.78
(Accum. Units) ... 235.8 244.6 ... 5.78
Capt. July 4 ... 138.4 143.4 ... 3.40
(Accum. Units) ... 170.2 176.4 ... 3.40

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200
N.P.I. Gth. Un. Tst. ... 53.3 56.8 ... 4.80
(Accum. Units)* ... 67.4 71.8 ... 4.80
NPI O'seas. Trust ... 123.3 130.5 ... 2.50
(Accum. Units)** ... 133.5 141.3 ... 2.50
*Prices on June 19. Next dealing July 26.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060
Capital (Accum.) ... 70.2 75.4 ... 4.02
Extra Inc. ... 64.7 69.5 ... 9.06
Financial ... 34.1 36.6xd ... 5.37
Growth Inv. ... 86.1 92.5xd ... 4.89
Income ... 35.5 38.1 ... 7.44
Portfolio Inv. Fd. ... 72.4 75.8xd ... 6.28
Universal Fd. ... 43.7 46.9 ... 2.84

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911
Nelstar ... 62.6 65.8 +0.4 5.07
Nelstar High Inc. ... 48.6 51.1 −0.1 8.11

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200
Group Tst. Fd. ... 382.0 402.1 +1.1 5.27

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441
Pearl Growth Fd. ... 25.2 27.2 +0.1 5.11
Accum Units ... 30.9 33.3 +0.1 5.11
Pearl Inc. ... 33.8 36.4 −0.1 7.41
Pearl Unit Tst. ... 36.5 39.3 +0.1 6.09
(Accum. Units) ... 48.8 52.5 +0.1 6.09

Pelican Units Admin. Ltd. (g)(x)
57-63, Princes St., Manchester. 061-236 5685
Pelican Units ... 99.1 106.5 +0.3 4.64

Perpetual Unit Trust Mngmt.♥ (a)
48, Hart St., Henley on Thames 04912 6868
P'petual Gp. Gth. ... 55.8 60.0 ... 4.30
P'petual Gp. Inc. ... 47.5 50.8 ... 8.00

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222
Prudential ... 137.0 145.5 +0.5 5.10

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177
Quadrant Gen. Fd. ... 121.0 126.1 ... 3.78
Quadrant Income ... 136.0 140.3xd ... 8.56
Quadrant Intl. Fund ... 100.0 ... 1.70

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271
Opportunity Fd. ... 69.1 73.9 ... 6.17
Sekforde T. (Acc.) ... 43.8 46.8 +0.2 5.58
Sekforde T. Inc. ... 41.1 43.9 +0.1 5.58

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521
Ridgefield Int. UT ... 72.0 77.0xd ... 3.07
Ridgefield Income ... 88.0 94.0xd ... 9.69

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941
N.C. Equity Fund ... 172.5 183.5 +0.7 4.05
N.C. Engy. Res. Tst. ... 118.2 125.8 −0.4 2.38
N.C. Income Fund ... 150.6 160.2 +0.1 7.99
N.C. Intl. Fd. (Inc.) ... 73.2 77.8xd −0.2 1.82
N.C. Intl. Fd. (Acc.) ... 75.3 80.1 −0.2 1.82
N.C. Smllr Coys Fd. ... 183.0 194.6 +0.2 4.09

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066
American July 12 ... 62.5 65.5 ... 1.47
Securities July 10 ... 194.0 204.0 ... 3.75
High Yield July 13 ... 55.6 58.6 ... 8.59
(Accum. Units) ... 83.6 88.0 ... 8.59
Merlin July 11 ... 86.3 90.7 ... 3.98
(Accum. Units) ... 108.6 114.1 ... 3.98

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044
Capital Fd. ... 70.3 74.1 ... 3.50
Income Fd. ... 68.0 71.7xd ... 7.83
Prices at July 13. Next dealing July 31.

Save & Prosper Group♥
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds
Capital ... 34.6 37.2xd +0.2 3.11
I.T.U. ... 24.9 26.7 −0.1 4.81
Univ. Growth ... 64.4 69.3 +0.2 3.00

Increasing Income Fund
High-Yield ... 52.3 56.2 −0.1 7.70

High Income Funds
High Return ... 66.7 71.7xd −0.2 9.20
Income ... 43.1 46.3 ... 9.62

U.K. Funds
UK Equity ... 47.7 51.2 +0.3 4.90

Overseas Funds (z)
Europe ... 74.9 80.5 −1.0 3.72
Japan ... 70.3 75.5 ... 3.70
S.E. Asia ... 36.1 38.8 −0.3 3.92
U.S. ... 66.5 71.4 −0.7 2.40

Sector Funds
Commodity ... 84.9 91.2 −0.1 3.96
Energy ... 85.8 92.2 +0.2 2.31
Financial Secs. ... 70.4 75.6 +0.8 3.95

High-Minimum Funds

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294
Income & Growth ... 22.9 24.1 ... 8.94

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011
TUUT July 2 ... 54.3 57.8 ... 4.87

Transatlantic and Gen. Secs.♥ (c)(y)
91-99, New London Rd., Chelmsford. 0245-51651
Barbican July 12 ... 80.9 86.1 ... 6.44
(Accum. Units.) ... 130.9 139.3 ... 6.44
♦Barb. Expt. June 27 ... 75.4 77.3 ... 5.90
Buckhm. July 12 ... 83.8 89.0 ... 5.03
(Accum. Units) ... 107.0 113.7 ... 5.03
Colemco July 13 ... 135.9 143.8 ... 5.81
(Accum. Units) ... 170.6 180.4 ... 5.81
Cumbl. July 11 ... 56.6 59.7 ... 7.25
(Accum. Units) ... 63.8 68.6 ... 7.25
Glen July 10 ... 55.6 59.1 ... 4.06
(Accum. Units) ... 73.7 78.2 ... 4.06
Marlboro. July 10 ... 48.8 51.1 ... 2.85
(Accum. Units) ... 56.9 59.6 ... 2.85
Van. Grwt. July 10 ... 51.6 54.2 ... 3.54
(Accum. Units) ... 64.9 68.2 ... 3.54
Vang. Hy July 10 ... 74.5 78.5 ... 8.19
Vang. T'ee July 11 ... 45.2 47.5 ... 5.64
(Accum. Units.) ... 49.3 51.8 ... 5.64
Wickmr. July 12 ... 66.9 70.9 ... 4.38
(Accum. Units) ... 82.1 86.9 ... 4.38
Wick-Div. July 13 ... 68.6 73.3 ... 8.53
Do. Accum. ... 83.3 89.0 ... 8.53

Tyndall Managers Ltd.♥
18, Canynge Road, Bristol. 0272 32241
Income July 11 ... 97.0 102.0 ... 9.35
(Accum. Units) ... 188.6 198.2 ... 9.35
Capital July 11 ... 136.4 143.4 ... 4.55
(Accum. Units) ... 197.4 207.4 ... 4.55
Exempt July 11 ... 115.6 121.4 ... 8.54
(Accum. Units) ... 170.4 179.0 ... 8.54
Int. Earns. July 11 ... 253.0 268.2 ... 5.85

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund ... US$8.08 ... —
Net asset value July 9.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Gilt Edg. Fd. ... £12.55 12.60 ... 12.11

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077
Cap. Tst. (Jersey) ... 120.0 124.0 −3.0 8.06
Next dealing July 23
Gov't Secs. Tst. ... 92.5 96.0 −2.0 13.02
Next dealing July 23.
East & Intl. Tst. (CI) ... 101 108 ... 3.47
Next dealing date July 26.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney
US$1 Shares ... $US1.48 ... —
Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income ... 109.52 110.08 ... 8.40
Prices at July 11. Next sub. day July 18.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund ... $US58.86 60.67 −0.08 8.09

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex ... Fr1,308 1,438 −23 2.40
Bondselex ... 117.00 122.72 ... 2.40
Central Assets ... £147.84 147.90 +0.15 —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ... 9.44 9.49xd ... 11.75
Gilt Trust (I.o.M.) ... 107.4 110.3 −0.9 11.75
Gilt Fnd. Guernsey ... 9.84 9.88xd ... 11.75
Intl. Govt. Secs. Tst.
First Sterling ... £21.10 21.21 ... —
First Intl. ... US$234.03 234.67 ... —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest ... LF1,119 −4 4.29
Guernsey Inc. ... 67.0 71.0 ... 4.61
Do. Accum. ... 85.2 90.2 ... 4.61
KB Far East Fd. ... US$13.27 ... 2.26
KB Gilt Fund ... £10.85 10.93 ... 11.58
KB Intl. Fund ... $US12.67 ... 2.21
KB Japan Fund ... US$31.36 ... 0.95
K.B. U.S. Gwth. Fd. ... US$13.77 ... 1.45
Signet Bermuda ... $US5.28 ... 1.89
K.B. Int. Bd. Fd. ... $101.23xd ... 8.20

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas ... 51.0 53.4 −1.2 3.10
Next dealing August 15.
Lloyds Trust Gilt ... £10.14 10.15xd ... 11.75
Next dealing July 18.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98 7/32	94 5/8	Treasury 3pc '79‡‡	98 7/32	+1/32	3.05	13.61
98 1/2	95 3/8	Electric 4 1/4pc '74-79	98 1/16	+1/32	4.33	13.69
100 1/4	95 5/8	Treasury 10 1/2pc '79‡‡	99 1/16	......	10.60	13.38
97 1/2	94 1/2	Electric 3 1/2pc '76-79	97 1/8	......	3.60	12.41
99 5/8	95 5/8	Treasury 9pc 1980‡‡	97 7/16	......	9.22	12.99
99 5/8	95 1/2	Treasury 9 1/2pc '80‡‡	97 1/2	......	9.74	12.64
97	92 3/4	Treasury 3 1/2pc '77-80	95	......	3.68	9.30
97 3/8	92 7/8	Funding 5 1/4pc '78-80‡‡	96	......	5.47	9.88
103 5/8	99 7/8	Exchequer 13pc 1980‡‡	100 1/4	+1/8	12.97	12.68
102 1/8	96 11/16	Treasury 11 1/2pc 1981‡‡	99	+1/8	11.62	12.21
93 3/4	87 7/8	Treasury 3 1/4pc 1979-81	93 3/4xd	+1/8	3.75	8.04
99 11/16	92 5/16	Treasury 9 3/4pc 1981‡‡	96 3/8	+1/8	10.12	12.09
96 3/4	89 1/2	Exch. 8 1/4pc 1981	94	+1/8	8.78	11.82
98 11/16	91 1/4	Exch. 9 1/2pc 1981	95 5/8xd	+1/8	9.93	11.97
91 1/4	84 1/4	Exch. 3pc 1981	89 3/4xd	+1	3.34	8.44
98 5/16	96	Treas. Variable '81§§	97 11/16	......	14.17	15.00
104 11/16	97 1/4	Exch. 12 3/4pc 1981‡‡	100 3/4	+1/8	12.66	12.31
96 7/8	88	Treas. 8 1/2pc '80-82‡‡	93 1/8	+1/8	9.13	11.74
89 1/2	82	Treasury 3pc '82‡‡	87 3/4xd	+1/4	3.42	8.37
108 5/8	100 3/8	Treasury 14pc '82‡‡	103 1/4	+1/8	13.56	12.47
97 1/4	94 3/8	Treas. Variable '82§§	96 3/16	......	14.37	15.43
95 1/4	85 3/8	Treasury 8 1/4pc '82	91 1/8	+1/8	9.03	11.76
97 1/4	86 1/2	Exch. 9 1/4pc 1982	92	+1/8	10.05	12.32
95 7/8	84 5/8	Exch. 8 3/4pc 1983	91 1/2	+1/8	9.56	11.78
86 1/8	77 3/4	Exch 3pc '83	81 7/8xd	+1/8	3.66	9.02
104 3/8	93 1/8	Treasury 12pc 1983‡‡	98 5/8	+1/4	12.17	12.44
104	93 1/8	Treas. 12pc '83 A‡‡	98 1/4	+1/8	12.21	12.57
95	93 1/2	Treas. Variable '83§§	94 3/16	......	14.68	15.83
97 1/4	84 1/2	Treasury 9 1/4pc '83	91 5/8	+1/8	10.10	11.93
98 1/16	85 1/2	Exch. 10pc 1983	92 5/16	+1/8	10.83	12.29
89 1/2	78 3/4	Funding 5 1/2pc '82-84‡‡	85 1/2	......	6.43	9.53
—	—	Exch. 3pc 1984●	E77	......	3.90	8.87
		Five to Fifteen Years				
99 5/8	97 1/4	Treasury 12pc 1984	98	+1/8	12.31	12.68
110	93 1/4	Exch. 12 1/4pc 1985	99 7/8	+1/8	12.50	12.69
95	80	Treasury 8 1/2pc '84-86‡‡	88	+1/8	9.68	11.04
112 1/8	97 3/4	Exch. 13 1/4pc 1987	102 3/4xd	+1/8	12.92	12.70
84 5/8	72 1/2	Funding 6 1/2pc '85-87‡‡	80 1/2	+1/8	8.21	10.47
88 3/8	73 1/2	Treasury 7 3/4pc '85-88‡‡	81 1/2xd	+1/8	9.49	11.13
70 5/8	58 3/8	Transport 3pc '78-88	64 1/8	+1/8	4.69	8.92
73	61 1/8	Treasury 5pc '86-89	69 1/2	+1/8	7.33	10.02
113 7/8	93 3/4	Treasury 13pc 1990‡‡	102 1/2	+3/8	12.69	12.57
89 1/4	72 3/4	Treasury 8 1/4 87 90‡‡	81	+1/8	10.28	11.45
106 1/8	86 1/4	Treasury 11 3/4pc 1991	95	+3/8	12.40	12.61
72 1/2	60 3/8	Funding 5 3/4pc '87-91‡‡	69 1/8	+1/8	8.52	10.66

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
107	100	Do. 14pc '79	101	......	14.24	—
108 1/4	98 1/4	Do. 14pc '83	103	−1/2	13.59	13.05
86 1/2	77 1/2	ICFC 5 1/2pc Deb. '80-82	84 1/2	......	6.66	12.20
85	71 1/2	Do. 6 1/4pc Db. '81-84	78 1/2	+1/2	8.09	12.20
99	84 1/2	Do. 10 1/2pc Uns.Ln. '86	91 1/2	......	11.47	12.40
99	84 1/2	Do. 11pc Uns.Ln. '88	92 1/2	......	11.89	12.30
101 1/2	84	Do. 11 3/4pc Uns.Ln. '90	94 1/2	......	12.43	12.70
72 1/2	57	Do. 7 1/4pc ADeb. '89-92	66	+1/2	11.19	12.80
69	53 1/2	Do. 7 1/4pc A Db. '91-94	66	......	11.42	12.70
81 1/2	64 1/2	Do. 9pc 'A' '91-94	77	......	12.17	13.00
78 1/2	62 1/2	Do. 8 7/8pc Ln. '92-97	72xd	+1/4	12.15	12.80
101	95 1/2	Do. 12 1/2pc. Uns. Ln. 1992	100	+1/4	12.95	13.10

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
30	22	Antofagasta Rly.	30	......	—	—
45	37	Do. 5pc Pref.	45	......	—	—
98	98	Chilean Mixed	98	......	—	f3.10
31	18	Chinese 4 1/2pc 1898	25	......	—	—
35	24	Do. 5pc 1912	24	......	—	—
20	12	Do. 5pc 1925 Boxer	12	......	—	—
430	400	German Yng. 4 1/2pc.	400	......	4 1/2	—
52	38	Greek 7pc Ass.	38	......	3 1/2	9.35
51	37	Do 6pc 28 Stab. Ass.	37	......	6	8.39
42	33	Do 4pc Mixed Ass.	34xd	......	4	5.88
52	42	Hung. '24 Ass.	52	......	—	5.10
68	68	Iceland 6 1/2pc '83-88	68	......	—	13.05
90 1/2	78 1/2	Ireland 7 1/2pc '81-83	84 1/2	......	7 1/2	12.53
87 1/2	69	Do 9 3/4pc '91-96	85	−1/4	12.66	12.35
390	250	Japan 4pc '10 Ass	250	......	—	—
73	65	Do 6pc '83-88	70xd	......	6.00	11.20
160	135	Peru Ass. 3pc	150	......	3	7.75
75p	75p	S.G.I. 6 1/2pc 1980	75p	......	6 1/2	8.67
$94 1/2	$94 1/2	Turin 9pc 1991	$94 1/2	......	9	9.55
DM91	DM91	Turin 6 1/2pc 1984	DM91	......	6 1/2	8.45
97	95	Uruguay 3 1/2pc	97	......	3 1/2	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1979 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
20 1/4	12 1/2	ASA	12 5/8	−1/4	$1.00	—	3.6
59	55	AMF 5% Conv. '87	55	......	5%	—	f5.5
21 1/4	14 5/8	Abbott Labs.	16 1/2xd	+1/8	84c	—	—
25 3/4	17	Amax $1	18 5/8	+1/8	$1.8	—	4.4
23 1/2	15 7/8	American Express	16 3/4xd	......	$1.80	—	4.8
24 1/2	13 5/8	Amer. Medic. Int.	14 3/4xd	−1/2	60c	—	0.0
14 5/8	871p	Asarco Inc.	906p	+4	80c	—	4.0
27 1/4	19 3/4	Baker Intnl. Corp. $1	21 1/4	+1/8	44c	—	0.9

S.E. List Premium 9 1/4% (based on US$2.2375 per £)
Conversion factor 0.9127 (0.9202)

CANADIANS

S.E. List Premium 9 1/4% (based on $2.5981 per £)

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MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
14	4	ACM 20c.	14	......	—	—	—
171	102	Bougainville 50 Toea	108	......	Q15c	1.0	7.1
140	84	BH South 50c.	89	......	—	—	—
860	340	Central Pacific	740	−20	—	—	—
318	182	Conzinc Riotinto 50c.	184	+2	NQ10c	2.0	2.8
36	16	Cultus Pacific N.L.	18	......	—	—	—
21½	11	Endeavour 20c	13½	−½	—	—	—
98	62	G.M. Kalgoorlie $1.	83	−1	Z03c	—	1.9
42	23	Haoma Gold N.L.	28	......	—	—	—
200	148	Hamptn Areas 5p.	190	......	♦3.55	2.0	2.7
71½	25	Metals Ex. 50c	38	−1	—	—	—
275	168	M.I.M. Hldgs. 50c	174	......	†Q9c	1.7	2.7
15	15	Minefields Expl.	15	......	—	—	—
74	37	Mount Lyell 25c	37	......	—	—	—
44	15	Newmetal 20c	15	......	—	—	—
141	91	North B. Hill 50c.	95	−2	†Q8c	1.3	4.3
22	11	Nth. Kalgurli	14½	......	—	—	—
40	22	Nth. West Mining	26	......	—	—	—
137	84	Oakbridge $A1	89	......	Q12c	1.9	7.1
37	22	Oilmin N. L.	32	......	—	—	—
120	58	Pacific Copper	62	......	—	—	—
£10¾	625	Pancont'l 25c	775	+38	—	—	—
25¾	15½	Paringa M&Ex. 5p	20	......	—	—	—
510	268	Peko-Wallsend 50c.	300	−2	Q15c	3.3	2.6
340	145	Southern Pacific	295	......	—	—	—
16	12	West Coast 25c	13	......	—	—	—
188	121	Westn. Mining 50c.	133	+3	†Q3c	0.7	1.2
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c.	50	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	25	......	2.81	1.3	16.1
435	265	Ayer Hitam $M1	300	+5	Q300c	0.5	21.5
72	51	Beralt Tin	51	−1	4.0	3.3	11.2
270	175	Berjuntai $M1	190	......	†Q110c	1.0	14.1
160	125	Geevor	125	......	8.71	3.1	10.0
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	325	−5	†18.0	1.4	7.9
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	87	......	8.0	5.3	13.1
14	9½	Jantar 12½p	11	−1	♦—	—	—
95	58	Kamunting $M0.50	73	......	†Q12.5c	2.1	3.7
620	210	Killinghall $M1	350	......	—	—	—
465	365	Malay Dredging $M1	385	+5	†175c	0.7	1.7
57	28	ΔPahang	29	......	—	—	—
123	60	Pengkalen 10p	105	......	4.5	1.2	6.4
275	195	Petaling $M1	205	......	†Q120c	1.3	12.6
85	62	Saint Piran	62	−1	†2.03	6.5	4.7
58	45	South Crofty 10p	45	......	†4.19	2.0	13.3
230	170	South Kinta $M0.50	185	−5	†‡Q145c	0.6	16.8
405	285	Sthn Malayan $M1	345	+5	†Q190c	1.0	11.8
310	210	Sungei Besi $M1	265	......	Q520c	♦	55.7
75	45	Supreme Corp. $M1	45	......	Z010c	—	4.8
105	94	Tanjong 15p	95	......	7.5	0.7	11.3
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	......	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	68	......	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	64	+2	—	—	—
13½	10	Burma Mines 17½p	11½	−½	—	—	—
345	170	Cons. Murch. 10c.	275	......	Z030c	—	5.6
410	325	Northgate C$1	330	+5	—	—	—
362	226	R.T.Z.	267	−1	11.5	2.7	6.2
31	18	Robert Mines	28	......	—	—	—
65	34	Sabina Inds. C$1	35	−1	—	—	—
880	575	Tara Exptn. $1	575	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$14½	+¼	Q200c	♦	16.7
$15⅝	890c	East Drie R1	$12⅝	+⅜	†Q115c	1.6	10.8
$10¼	350c	East Rand Prp. R1	975c	......	†Q10c	—	1.2
$27½	$18¼	F.S. Geduld 50c	$26	+⅝	†Q315c	2.4	14.7
$19⅝	$11⅛	Pres. Brand 50c	£18¼	+¼	†Q150c	3.2	9.9
$18⅛	$10¼	St. Helena R1	$16⅜	+½	†Q190c	1.4	14.0
760c	407c	Stilfontein 50c	680c	+20	†Q66c	♦	11.7
$34½	$19¾	Vaal Reefs 50c	£32¾	+½	Q280c	2.7	10.4
$50¼	$28¾	West Drie R1	$46⅜	+⅛	Q615c	1.7	16.1
$35¾	$22¼	West Hldgs. 50c	$34¼	+⅝	†Q415c	1.4	14.5
$16⅞	$10⅜	Western Deep R2	$16⅞	+½	Q147½c	2.1	10.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	155	......
Bertam	26	......	IRISH		
Bdg'wtr. Est. 50p	485	......	Conv. 9% '80/82	£86½	−⅜
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅛	−½
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£83⅝	−⅝
Dyson (R. A.) A	26	......	Alliance Gas	62	......
Ellis & McHdy.	67#	......	Arnott	350	......
Fife Forge	54	......	Carroll (P.J.)	98	......
Finlay Pkg. 5p	20	......	Clondalkin	82	......
Graig Ship. £1	310xd	−1	Concrete Prods.	88	......
Higsons Brew.	78	......	Heiton (Hldgs.)	73	+3
Holt (Jos) 25p	260	......	Ins. Corp.	210	......
I.O.M. Stm. £1	168	......	Irish Ropes	88	......
Pearce (C. H.)	250	......	Jacob	38	......
Peel Mills	30	......	T.M.G.	190	......
Sheff. Refrshmt.	95	......	Unidare	83	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	3	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lofs"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½	Charter Cons.	16
G.K.N.	28	Tesco	7	Cons. Gold	20
Hawker Sidd	26	Thorn	35	Rio T. Zinc	27
House of Fraser	18	Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday July 17 1979

Brentnall Beard directors suspended

BY JOHN MOORE

THREE directors of Brentnall Beard, the Lloyd's of London publicly quoted insurance broker, have been suspended from all executive duties in the group.

The three directors are Mr. John Newman, Mr. Derek Gravestock, and Mr. Stanley Elsbury, the group chairman.

Brentnall Beard has made this move after Lloyd's announcement last Friday that it intended to discipline the three directors under rarely-used Lloyd's Acts of 1871 and 1911 and Lloyd's bye-laws.

Lloyd's has taken its disciplinary action after an investigation into the trading relationship of a Brentnall subsidiary, Brentnall Beard International, with the underwriting syndicate, formerly managed by Mr. Frederick Sasse.

The Sasse syndicate is facing a total of £13.6m of losses, of which £10.6m were sustained on fire insurances which were placed with the syndicate by Brentnall Beard International.

Brentnall broke standard market procedures in the Sasse affair when it failed to gain Lloyd's approval of a major producer in the U.S. of fire insurance business for the Sasse syndicate which led to £8m of the losses.

Mr. Elsbury, although due to retire as chairman of the group at the end of this month, has been replaced with immed iate effect by Mr. Maurice Fullerton. Mr. Fullerton, 48, was chief executive of Willows Francis Group, the toothpaste and sheep-dip manufacturer taken over by Guiness Peat Group in 1977.

Mr. Fullerton, a company "doctor," said yesterday that Brentnall was seeking "highly experienced insurance people to join the Brentnall Beard board."

The board changes were announced as the group declared half-year losses for the six months ended March 31, 1979, of £607,000 compared with a profit of £233,000.

Mr. Newman and Mr. Gravestock have been suspended on full pay until the outcome of the Lloyd's proceedings are known.

Meanwhile, legal representatives of the Sasse syndicate are attempting to reach an out-of-court settlement with the Brazilian Reinsurance Institute on fire reinsurance claims of $10m which the Brazilians refused to pay.

Lloyd's confirmed yesterday that it was requiring Brentnall to report regularly on its solvency position to ensure that the group was meeting the Lloyd's solvency tests for insurance brokers which operate in its market.

Spending record in rush to beat VAT

BY DAVID FREUD

SPENDING IN shops was at an all-time high last month as consumers rushed to beat the Budget increase in VAT, which took effect on June 18.

There are signs that after the VAT rise—from 8 and 12½ per cent to the unified rate of 15 per cent—retail sales have remained fairly buoyant.

According to provisional figurs released yesterday by the Department of Trade, the index for the volume of retail sales in June rose 6.6 per cent to 121 (1971=100, seasonally adjusted).

This was 11.4 per cent higher than in the same month last year and well ahead of the previous high of 118.8 registered in April, 1975—also an abnormal month because the 25 per cent luxury rate of VAT had been announced.

The June result—together with the buoyant figures for April and May—means that sales volumes in the first six months of the year was 6 per cent above the level of the same period in 1978.

Consumer reaction to the last VAT rise seems to be very different to the experience of 1975, when trading in many items came to a complete standstill for five or six weeks after the buying surge.

Store groups report that business was much better than they expected after the VAT rise. In some cases sales were above the level of the same period last year.

British Home Stores said that it had advanced its sales and as a result business was showing a reasonable volume rise on the summer sale last year.

Tesco said there was no change at all in the pattern of food sales, while the VAT increases on the non-food side, had been absorbed for two weeks, after which its sale was brought forward. The results of the sale "were particularly encouraging."

The John Lewis Partnership reported that department store business was around the level of 1978 in cash terms in the two weeks to July 7. On the furnishing side there were already signs of a recovery.

Currys, the electrical chain, said that while business was a little down on last year's summer sales period, the market was strong. Fridges, freezers and televisions were in heavy demand in spite of the rise in VAT from 12½ to 15 per cent.

Mr. Richard Weir of the Retail Consortium, which represents a wide range of stores, said that in view of the buoyancy of sales the out-turn for the year was likely to be higher than previously forecast.

The volume increase for 1979 over 1978 was therefore likely to be in the 3-4 per cent range, rather than the 2½-3 per cent expected previously.

Goodyear loses record £21.4m

BY LISA WOOD

GOODYEAR'S UK subsidiary yesterday reported a record pretax loss of £21.4m in 1978.

This far exceeded its gloomy predictions earlier this year when it said it expected losses of up to £18m. In May the company closed one of its two British plants—at Drumchapel, Glasgow—with the loss of 700 jobs.

In 1977 the company made a loss of £507,000 on turnover of £187.5m. Last year turnover dropped to £179.7m. The company, like other British tyre manufacturers, is suffering from a declining market.

But Goodyear's Board said yesterday it was convinced that action being taken to streamline production and to re-organise both marketing and distribution to improve service to customers would help ensure that the group was able to make future progress in the UK tyre markets.

Goodyear's Drumchapel plant is now being advertised for sale. The closure was precipitated when workers rejected management proposals including a 15-shift working system instead of the existing 14 shifts. Despite a last-minute acceptance of the proposals by the unions and appeals by Mr. Gregor Mackenzie, the former Scottish Office Industry Minister, the company decided in February to close the plant.

Goodyear said that productivity at Drumchapel had remained at less than half the average of European plants using identical machinery. Absenteeism was high and there was nearly twice as much waste as at other plants.

Further streamlining of Goodyear's UK operations took place at its Wolverhampton plant this year.

British tyre demand has fallen by about 4m in the past two to three years. Imports of foreign vehicles have increased during this period. Many tyres for the replacement market are being imported, and because of changes in technology some tyres now have a much longer life.

Philips offers £35m for rest of Pye

BY MAX WILKINSON

PHILIPS of Holland yesterday announced a £34.7m offer for the 39 per cent shareholding in Pye which it does not already own.

The offer, of 180p per share, representing a 55 per cent premium on last week's stock market price, has been recommended for acceptance by the non-Philips directors of Pye.

The bid puts a value of £88.4m on the whole of Pye, which recorded a pre-tax profit of £15m on sales of £206m last year.

Yesterday's move by Philips comes 12 years after it acquired Pye in a takeover battle with Thorn.

At that time Philips bought 100 per cent of the shares in Pye of Cambridge but offered shareholders an option to buy shares in a new holding company at 70p each. These shares are now being bought back by Philips. If the offer is accepted, as expected, Pye Holdings will disappear, and Pye of Cambridge will become a wholly-owned subsidiary of Philips.

Philips has been expected for some time to tidy up its relationship with Pye. In February it announced that a "reconstruction" was being considered. This followed the take-over of Pye's television interests in the UK and Australia in 1977.

The semi-independence of Pye has created managerial anomalies as many of its divisions have moved closer over the years to Philips's worldwide strategyp.

In particular Pye TVT, the professional equipment division, already works closely with Philips and depends upon its research and development.

The same is true of Pye TMC, the telephone equipment division, and Pye Telecom, the mobile radio operation. Pye Unican, the instrument division, sells Philips' equipment, and Pye Business Communications has considerable overlap with Philips' business equipment operations.

It has become obvious that the progress of all electronics companies will depend on the effectiveness of their research and development in the next decade. The general direction of research is in turn closely related to marketing and product strategies which will be determined centrally.

Although some of the smaller parts of Pye will probably be allowed considerable independence, the larger divisions are likely to be brought into a closer relationship with the parent.

Philips has pledged that Pye's activities will be continued and "where appropriate, developed." It does not expect that a large number of redundancies will be necessary.

Singh leads in race for new Indian Premier

By K. K. Sharma in New Delhi

MR. CHARAN SINGH emerged yesterday as the strongest contender to succeed Mr Morarji Desai as Prime Minister of India, after securing the leadership of the newly formed Janata (S) party.

Senior members of the Janata (S)—the "S" in the title stands for secular—are thought to have secured assurances of support from several other parties, including the official Congress opposition led by Mr. Y. B. Chavan. This seems to have encouraged Mr. Charan Singh to press his claim to President Sanjiva Reddy to be allowed to form a government.

Earlier in the course of a day of hectic political activity, Mr. Charan Singh had formally resigned his post of Deputy Prime Minister in Mr. Desai's caretaker administration.

Mr. Charan Singh's political base is among the prospering farmers of the Hindi belt of Northern India. His bid for the premiership will be resisted in the south and also by the Harijan (Untouchable) community of 80m.

Mr. Jagjivan Ram, who remains as Deputy Prime Minister and Defence Minister in the interim Desai Government, has also let it be known that his hat is in the ring. He was bitterly disappointed at failing to get the premiership after the Janata Party's victory in 1977, and will now be putting himself forward as an all-India candidate with a strong constituency among the Harijans.

Mr. Charan Singh's claim is not without some justification. The Janata (S) party, formed by the former Health Minister, Mr. Raj Narain last week when he walked out from the Janata, is growing in strength as defectors from the disintegrating party climb on to its bandwagon.

The Janata (S) leaders have held talks with other parties in the Indian Parliament and are thought to have obtained many assurances of support. These include Mr. Chavan, who moved the no-confidence motion last week which triggered the events leading to Mr. Desai's abrupt resignation on Sunday.

Gandhi support

Mr. Charan Singh is also thought to have the support of Mrs. Indira Gandhi's Congress (I) which is the largest opposition party next to Mr. Chavan's Congress. However, Mrs. Gandhi is not expected to join any coalition government that might be formed.

Mr. Charan Singh was Mr. Desai's strongest rival and it is largely because of their differences that the Janata party has reached its present crisis. Mr. Desai dismissed Mr. Charan Singh as Home Minister in June, 1978, but in a compromise made him Deputy Prime Minister and Finance Minister last February.

Mr. Ram, who is also a strong contender for the Prime Ministership, was made Deputy Prime Minister and Defence Minister at the same time.

Mr. Ram has not yet resigned from the Janata party, although this organisation now exists only in name.

Mr. Desai, too, still claims that he can form a government with the support of what remains of the Janata party and others.

Feature, Page 17

Continued from Page 1

Carter

which may also draw on as much as $5bn-worth of low denomination bonds it is planned to sell to the public.

The intention is to finance this, plus the low-income assistance, mass transit and other aspects of the programme, from the proposed windfall profits tax on the oil industry now before Congress.

Mr. Carter said in Kansas City that Congress should act immediately to pass a "tough and permanent levy."

The Administration estimates that the windfall profits tax could generate anything between $146bn and £270bn in revenues in the next decade, depending on what happens to international oil prices.

The commitment to use oil import quotas appears, at this stage, more impressive on paper than in reality.

With the U.S. economy set for neglible growth over the next two years, it may be assumed that demand for oil will be commesurately modest.

In his speech on Sunday night it was widely noticed that Mr. Carter made no reference to the role of nuclear power. In Kansas City, however, he noted that it was "a hard fact" that nuclear power accounted for 13 per cent of all electricity consumed in his country, and, in some areas such as the city of Chicago, much more.

Nuclear power, he said, must play "an important role" in the energy future of the U.S. But he added that definitive decisions would have to await the report of the Presidential commission inquiring into the accident at Three Mile Island.

Mr. Carter also rectified what some had said was another omission on Sunday night when he spoke of the significance of close ties with Mexico and Canada over energy supplies.

He repeated that the U.S. was actively engaged now in negotiations for substantial purchases of Mexican natural gas and already took 80 per cent of all Mexican oil exports.

Though Canadian oil output would be declining, he promised close co-operation with the Government in Ottawa over other sources of energy, notably hydro-power.

Demonstrating what the White House claims is his new toughness, he criticised the major oil companies for "dragging their feet" over construction of the new pipeline to transport Alaskan natural gas to the mid-West.

He said he had instructed Dr. Schlesinger, his Energy Secretary, to summon industry leaders and direct them to hasten the process.

THE LEX COLUMN

A harsh winter for Rank

Once again Rank Xerox has come to the rescue of Rank Organisation. The market's fears about the impact of currency changes on the results of Rank Xerox appear to have been exaggerated, partly because of the impact of a fall in the yen on the liabilities of Fuji Xerox. On the FAS 8 accounting basis Rank's share of profits at RX has jumped from £53.6m to £65.1m for the first six months. But there is ample confirmation of the non-Xerox problems indicated at the annual meeting in March when shareholders were warned that industrial disputes and severe weather meant the group could no longer reach its targets for the year. At the halfway stage there is a non-Xerox loss of £0.7m.

It is fair to point out, however, that after adding Leisure Caravan Parks to its other holiday interests, notably Butlin's, Rank has increased the seasonal bias in its results. In the first half-year it has borne interest on the £20m paid for the caravan business but only received a few weeks' benefit on the £62m rights issue proceeds. These operations promise well for the summer, while the industrial businesses like Rank Precision Industries, where trading profits were down over £2m in the first half, and Rank Toshiba are picking up after a poor start.

However, the group's enigmatic statement that group pretax profits for the year "should show an increase" does not give any guide to how the Xerox and non-Xerox sides may fare. RX is said to be showing underlying growth, removing currency distortions, of around 10 per cent, but the currency factors are likely to be unfavourable for the remainder of the year. How it works out is impossible to estimate at this stage, but if non-Xerox profits were to come out below last year's £24m pre-tax this would be unfortunate coming immediately after the rights issue. At least the shares have recouped a little of the post-rights damage: from the equivalent of 262p in January just ahead of the issue the shares touched a low of 211p on Friday but put on 11p on the results, to yield a prospective 7 per cent.

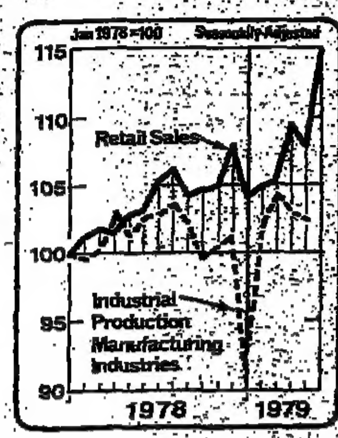
Trade figures

Both sterling and the gilt-edged market seemed prepared to shrug off another disappointing set of trade figures. Gilt-edged prices closed firmer on the day and sterling rose by over a cent against the dollar.

Once against the figures are racked with distortions but it seems as if the slight surplus on current account in June was in fact a deficit of around £350m. On a six month basis the figures look even more depressing. There was a current account deficit of close to £2bn and there is going to have to be a very big improvement in the second half if the official Treasury forecast of a £0.75bn current account deficit for the full year 1979 is not going to prove decidedly overoptimistic.

Meanwhile, the 6.6 per cent rise in June retail sales demonstrates the scale of the recent consumer spending boom and contracts starkly with the sluggishness of industrial production. Imports it seems are the balancing item.

Index rose 4.1 to 470.7



Pye/Philips

Less than a month after ITT floated off a chunk of its British subsidiary, Philips is making an offer to mop up the 39.3 per cent minority in Pye Holdings. The minority only exists because Philips issued options on Pye Holdings shares when it bought out the shareholders in Pye of Cambridge in 1967; then as now, the multinationals were touchy about public opinion.

Pye has become an anomaly—half the group behaving as a part of Philips, half run with uneasy independence. Earlier this year Philips envisaged a restructirring which would have meant buying up those subsidiaries most directly involved with it and leaving the minority shareholding in a rump of unconnected businesses. Yesterday's cash offer for the entire minority is a much more satisfactory solution for the outside shareholders.

Having decided to bid, Philips could not afford to look mean. Its advisers had in mind the institutional opposition to the Pearson bid for the Pearson Longman minority last year. So the offer price of 180 represents a handsome premium over the market price of 116p at which Pye closed on Friday. The shares have traded between 70 and 132p this year, only reaching the higher figure just before Philips announced it had dropped its idea of a reorganisation.

Fundamentally, though, the offer is no more than fair. Philips is offering over 13 times Pye's reported 1978 earnings but Pye's accounts are drawn up on the high-depreciation basis used by Philips itself, and more conventional accounting would trim the exit p/e to around 10. Most of the minority shares were issued against options in June 1973 at 70p—around 135p in today's money, a modest triumph over inflation for equity assets.

Ladbroke Group

Ladbroke's growth record in recent years has been in the same league as that of companies like Racal, Asda and BTR. But the stock market has always had its doubts about the quality of the group's earnings and yesterday's news that Ladbroke's application for the renewal of its highly lucrative London casino licences has been refused underlines the point in a dramatic way.

Having been 13p up at 202p at one stage yesterday, the shares closed last night at 175p, where they sell on just over four times earnings. Close to half last year's pre-tax profits of £41.5m came from the London casinos.

Naturally the group is appealing the decision and the casinos will stay open pending the hearing so that the group should still be able to make close to £50m pre-tax for the full calendar year. However, given the uncertainty the stock market is not going to attach much value to the London casino interests at present.

The group has been diversifying into hotels and other non casino interests and it is reckoned that this side of the business, which includes some property dealing, could chip in £25m-£30m in the current year. Assuming £25m, the group is selling on just under nine times non-casino earnings and yields not very generous 6.7 per cent.

Britain drops EEC loan claim

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

BRITAIN YESTERDAY gave up its claim, pressed strongly by the last Labour Government, that it should be entitled automatically to receive substantial subsidised loans from the EEC if it decided to become a full member of the European Monetary System.

Instead, Sir Geoffrey Howe, Chancellor oft he Exchequer, accepted that Britain's eligibility for EEC aid should depend on an examination of its relative economic performance to be undertaken in the event of a decision to join the EMS.

The softening of Britain's position unlocked a dispute which has blocked payment of EEC interest rate subsidies worth 200m units of account (£125m) a year to Italy and Ireland.

The two countries were promise dthe money, which will provide a 3 per cent subsidy on EEC loans totalling 5bn EUA over the next five years, as an incentive to join the EMS at the end of last year. But the UK had been unwilling to give its approval to the subsidies until other countries accepted that it should be entitled to receive similar aid, if it joined the EMS.

France has consistently refused to acknowledge that Britain's economic position lagged sufficiently fa rbehind its Community patrners for it to be categorised as one of the EEC's less prosperous countries.

This argument was pressed home again yesterday by M. Rene Monory, the French Economics Minister, who said that in the current world economic situation Britain's strong exchange rate and its substantial reserves of North Sea oil must be counted as sources of substantial economic strength.

Sir Geoffrey continued to insist, however, that these two points in Britain's favour were "not a decisive consideration." The UK's overall economic situation must be judged by other criteria, in particular its gorss domestic product per capita and standard of living relative to those of its EEC partners.

He also indicated yesterday that he was moving away from the previous Government's threat to freeze its payments to the EEC budget after 1981 if it obtained no satisfaction in its efforts to reduce the size of its net contribution expected to exceed £1bn next year.

The link between the two issues was forged at the Paris summit last March by Mr. Callaghan, then Prime Minister. He gave a warning that the UK might be unwilling to increase the resources available to the budget in two years' time, when current financing arrangements reach their ceiling, unless there were radical reforms of the pattern of EEC spending.

But Sir Geoffrey said yesterday that in his mind there was no automatic link between the two questions. He remained hopeful that the problem of Britain's budget contribution would be finally resolved at the next EEC summit to be held in Dublin in November.

Sir Geoffrey refused to be drawn publicly yesterday on whether the Government would, in fact, decide to join the EMS or whether it was planning a further relaxation of exchange controls in the light of the continued strengthening of sterling on foreign exchange markets.

Community's proposals intolerable–Minister

BY PHILIP RAWSTORNE

THE GOVERNMENT will renew its pressure for a reduction in Britain's contribution to the EEC budget at a meeting in Brussels next Monday of Finance Ministers to discuss the Community budget.

Mr. Nigel Lawson, Financial Secretary to the Treasury, told the Commons yesterday that proposals for Britain's contribution next year were "frankly intolerable."

On the basis of the EEC Commission's current estimates, the gross contribution for 1980 would be £2.235bn, he said.

The Commission had already increased its preliminary estimate by £155m because of higher farm prices agreed last month and it was likely to propose a further increase in the autumn.

Unless there were changes in EEC policies this would mean that Britain's net contribution would amount to more than £1bn which he called "manifestly and massively inequitable."

Mr. Lawson, who will attend Monday's Brussels meeting, said he expected significant amendments to the budget by the end of the year.

"Ie may well be undesirable that any EEC member should suffer a loss on this scale. It is wholly wrong that the UK, one of the poorer members of the Community, should be doing so."

Mr. Lawson said that the financial mechanism providing for refunds of contributions to countries in balance of payments deficit had been "an absymal failure."

Even on the most favourable terms, Britain would only qualify for a refund of £250m. The amount appeared more likely to be £30m.

But Mr. Lawson said that expansion of the regional and social funds could make no more than a modest extra contribution to Britain's budget imbalance.

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Weather

UK TODAY

DRY and bright generally some cloud and rain in Scotland.

London, S.E., S.W., Central Midlands, S. Wales, Ch. Isles
Mainly dry, bright intervals. Max 23C (73F).

East Anglia
Rain becoming brighter. Max 21C (70F).

N.W. England, N. Wales, Lakes, I. of Man, S.W. Scotland
Cloud with fog and drizzle. Max 19C (66F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Mostly dry with some bright intervals. Max 20C (68F).

Rest of Scotland, N. Ireland, Orkney and Shetland
Cloud with rain and drizzle. Max 18C (64F).

Outlook: Mostly dry. Warm generally.

Long range forecast: Cool, rainy, for two weeks. Early August hot and dry.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	London	C	21	70
Algiers	S	29	84	Los Ang.	F	26	79
Amsdm.	C	17	63	Luxmbg.	F	19	66
Athens	S	31	88	Luxor	S	41	106
Bahrain	C	37	99	Madrid	S	31	88
Barcina.	S	26	79	Majorca	S	28	82
Beirut	S	30	86	Malaga	F	29	84
Belfast	C	17	63	Malta	S	28	82
Belgrd.	F	25	77	M'chstr	R	17	63
Berlin	C	14	57	Mex. C.	F	27	81
Biarritz	S	22	72	Milan	S	28	82
Brghm.	F	21	70	Montreal.	C	31	88
Blackpl.	R	15	59	Moscow	C	21	70
Bordx.	S	26	79	Munich	C	18	64
Boulgn.	C	15	59	Naples	S	28	82
Bristol	F	20	68	Nwcstl.	R	16	61
Brussels	C	18	64	N. York	C	31	88
Budpst.	F	24	75	Nice	S	26	79
B. Aires	F	18	61	Nicosia	F	41	106
Cairo	F	38	100	Oporto	S	33	91
Cardiff	C	17	63	Oslo	R	14	57
Cas'b'ca	F	24	75	Paris	S	22	72
Cape T.	F	38	100	Perth	C	19	66
Chicago	F	30	86	Prague	C	16	61
Cologne	C	15	59	Reykjvk.	R	10	50
Cpnhgn.	C	16	61	Rhodes	S	28	82
Corfu	S	29	84	Rio J'o	F	28	82
Dublin	F	22	72	Rome	F	30	86
Dbrvnk.	S	27	81	Salzbrg.	F	18	64
Ednbgh.	R	16	61	S. 'cisco	C	16	61
Faro	S	25	77	Singapr.	R	31	88
Frankft.	R	18	64	Stckhm.	C	17	63
Funchal	C	23	73	Strasbg.	C	21	70
Geneva	S	23	73	Sydney	F	18	64
Gibrltr.	S	26	79	Tangier	S	29	84
Glasgow	C	15	59	Tehran	C	40	104
G'nsey	C	17	63	Tel Aviv	S	29	84
Helsinki	C	17	63	Tenerife	S	21	70
H. Kong	F	32	90	Toronto	C	29	84
Innsbrk.	C	18	64	Tokyo	C	24	75
Invrnss.	R	16	61	Tunis	S	29	84
I.o.Man	C	15	59	Valencia	F	29	84
Jersey	F	19	66	Venice	S	27	81
Jo'burg	F	18	65	Vienna	C	17	63
L. Plms.	S	24	75	Warsaw	F	17	63
Lisbon	S	30	86	Zurich	F	21	70
Locarno	S	26	79				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.